





# Senators, Witness Clash on U.S. Drug Plan

By Bernard Weinraub  
New York Times Service

WASHINGTON — In an unusual display of frustration and abandonment of decorum, two senators shouted down a Reagan administration spokesman at a hearing and attacked proposed cuts in anti-narcotics programs.

Because President Ronald Reagan and his wife, Nancy, have termed efforts to fight narcotics a major priority, the administration's proposed budget cuts involving enforcement and education have come under special criticism within Congress.

However, the hearing Thursday of the Senate Appropriations Committee's Subcommittee on Labor, Health and Human Services and Education was marked by the most vocal attacks yet.

Senator Alfonse M. D'Amato, Republican of New York, told the administration witness, John Walters, "For God's sake, get in the real world!"

Senator Lawton Chiles, Democrat of Florida, who is normally low-keyed, grew red-faced when Mr. Walters defended the administration's proposal to cut the funds for narcotics education in 1988, by one-half, to \$100 million. Congress appropriated \$200 million for the effort in the 1987 fiscal year.

"Is that all the hell that needs to be spent?" asked Senator Chiles, the chairman of the appropriations panel that deals with narcotics prevention and education. "You don't care. You don't give a rip. You don't think we count. Have you ever read the Constitution? You don't think Congress exists."

A moment later, Mr. Walters, a special assistant to Secretary of Education William J. Bennett, expressed his own anger, asking:



**'You've got a national epidemic that is killing our youngsters, and I don't think that you have the slightest idea that it is taking place.'**

— Alfonse M. D'Amato, senator from New York

"Why not spend \$400 million? Why not \$600 million?" Senator D'Amato responded, "Don't tempt us."

He went on: "You've got a national epidemic that is killing our youngsters, and I don't think that you have the slightest idea that it is taking place. You know what this does? It sends the wrong message. It sends the message that we're not dealing seriously with this, that we're not acknowledging the problem. We ought to be ashamed of ourselves."

The administration has proposed \$913 million in cuts in the 1988 budget for all law enforcement, prevention, education and treatment programs involving drugs. The administration's anti-drug efforts over a period of several years originally called for more than \$3 billion.

Administration officials have defended the cut in funds for education, saying that the \$200 million for 1987 was used for "start-up activities" such as the purchase of materials. They said these would not have to be provided in later years.

# U.S. Agencies Push Contra Inquiries As Reagan Urges New Aid for Rebels

By Philip Shenon  
New York Times Service

WASHINGTON — Several federal agencies are pressing on with at least seven criminal investigations of the Nicaraguan rebels and their American backers, even as President Ronald Reagan is urging Congress to provide new aid for the contras.

A review of the investigations has uncovered several previously undisclosed — and so far unproved — charges involving the contras as well as investigations that had not been previously known.

For example, congressional sources disclosed in recent days that the Federal Bureau of Investigation had opened a criminal investigation to determine what happened to most of the \$27 million for nonlethal supplies for the rebels that Congress approved in 1985. A General Accounting Office report published earlier said most of it could not be traced.

Investigators also disclosed in the past several days that the GAO had begun a separate inquiry into the whereabouts of millions of dollars that apparently were supposed to be funneled to the contras from the sale of U.S. weapons to Iran.

Other open investigations, most of them previously known, focus on charges that the rebels or their

backers smuggled arms, trafficked in drugs, laundered money or violated the Neutrality Act, which bars Americans from involvement in military efforts against countries not at war with the United States.

In addition to these inquiries, a special prosecutor and two congressional committees examining the Iran-contra affair are investigating charges of illegality tied to the rebels.

The investigations pose a dilemma for the Reagan administration. As it pushes for additional support for the contras, the administration also is compelled by statute to investigate reports that the rebels might have broken the law. The administration is asking Congress for \$105 million in aid for the rebels for the 1988 fiscal year, which begins in October.

Investigators say Mr. Reagan's outspoken public support for the contras has made it difficult for prosecutors and other federal agents to carry out their work. Law enforcement officials have repeatedly denied accusations that, because of administration pressure, their inquiries were unnecessarily slow or incomplete.

The investigations are being conducted by a variety of agencies, including the Justice Department, the Federal Bureau of Investigation,

# White House Presses Plan On Arms Sale

By David B. Ottaway  
Washington Post Service

WASHINGTON — The Reagan administration has notified Congress that it intends to sell \$2.2 billion worth of arms to Saudi Arabia, Egypt and Bahrain this year, according to Defense and State Department officials.

The sales are the first in a series the administration is expected to propose over the coming months for moderate Arab nations shaken by recent disclosures of secret U.S. arms sales to Iran.

Also under consideration, according to pro-Israel sources, is a proposal to provide Jordan with equipment to convert its fixed Improved Hawk anti-aircraft missiles into mobile units, and the sale to Saudi Arabia of helicopters and electronic countermeasure equipment for its U.S.-built F-15 jets.

These sources said the administration has begun informal consultations with key congressional committees on the potential reaction in Congress to the sales, which pro-Israel congressmen have strongly opposed.

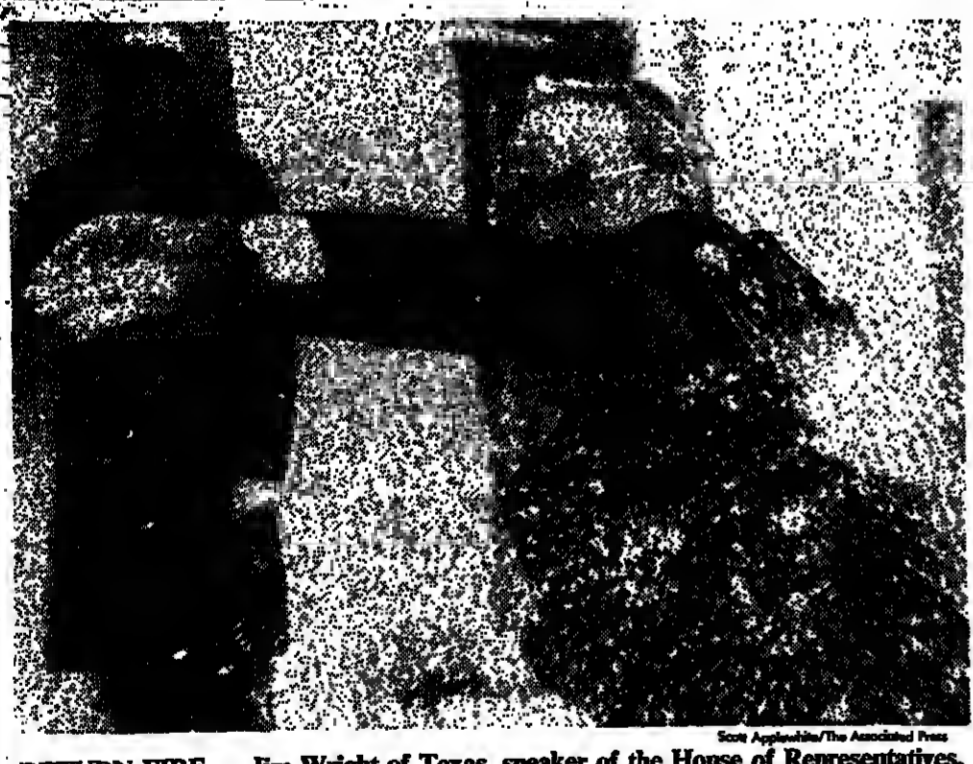
A State Department official confirmed that a proposal to sell Saudi Arabia 28 Sikorsky Blackhawk and Bell 406 helicopters was expected shortly and that the department has sounded out some congressional committees on the possible sale of electronic countermeasure equipment to that nation.

The formal notifications made Tuesday to Congress stipulate the sale of 40 F-16C and F-16D aircraft to Egypt at a cost of \$1.3 billion and 12 F-16s to Bahrain for \$400 million.

Last week, Congress was notified that the administration also planned to sell 200 Bradley Fighting Vehicles, an armored personnel carrier, worth \$500 million to Saudi Arabia.

It is the first time the United States has sold F-16s to Bahrain or Bradley Fighting Vehicles outside the U.S. military. The price of \$2.5 million per unit that the Saudis will be paying for the Bradley vehicles appears extremely high compared with the \$1.3 million to \$1.8 million the U.S. Army normally charges.

The sales to Egypt and Bahrain come under the Foreign Military Sales Program and require 30 days of informal notification and 30 days of formal notification to Congress, which would have to pass a joint resolution of disapproval to block the sales. The Bradley vehicles for Saudi Arabia, however, are a straight commercial sale requiring formal notification only.



RETURN FIRE — Jim Wright of Texas, speaker of the House of Representatives, prepares to fire back at a journalist who scored a hit with a snowball as he and other congressional leaders left the White House after meeting President Ronald Reagan.

# U.S. Court Bars Biography of J.D. Salinger

By Arnold H. Lubasch  
New York Times Service

NEW YORK — A U.S. appeals court in Manhattan has blocked publication of a biography of J.D. Salinger, saying the book unfairly used the writer's unpublished letters.

Reversing a lower court decision, the appeals court ruled in favor of Mr. Salinger, who filed suit to prohibit the biography from using any material from the letters, which he wrote many years ago.

"We're delighted," said R. Andrew Boose, the attorney for Mr. Salinger. "We've told him of the decision, and he is also delighted."

The disputed biography, "J.D. Salinger: A Writing Life" by Ian Hamilton, was to be published last year by Random House, but it was held up by the unusual case.

A Random House spokesman said after the ruling Thursday, "We are not going to be able to comment until we've had a chance to study the opinion." The only further legal appeal for the publishing house is in the Supreme Court of the United States.

In its 24-page decision, the U.S. Court of Appeals for the 2d Circuit said the case focused on "whether the biographer of a renowned author has made 'fair use' of his subject's unpublished letters."

According to legal scholars, the "fair use" standard is vague and open to wide interpretation.

Legal opinion on the appeal court's ruling was varied. Charles Rembar, a constitutional lawyer,

had not seen the opinion. But from the language the court used in announcing the decision, he said, "then the conclusion is inescapable — the judgment had to follow, as the night the day."

But Floyd Abrams, another lawyer, expressed reservations. "It seems to me a deeply troubling limitation on the ability of a publisher to print a significant book," he said, "and of the public to learn about one of the most fascinating and important writers of our time."

Mr. Salinger wrote the letters to his friend and editor, Whit Burnett, and to several other people, including Ernest Hemingway.

The biography, the appeals court said, "copies virtually all of the most interesting passages of the letters, including several highly expressive insights about writing and literary criticism."

In a footnote, the court's decision cited a letter in which Mr. Salinger complained about an editor who pruned one of his stories while rejecting it. "Like saying," he wrote, "she's a beautiful girl, except for her face."

Another letter criticized Wendell L. Willkie, the 1940 presidential candidate, saying, "He looks to me like a guy who makes his wife keep a scrapbook for him."

The decision included another footnote referring to a 1943 letter in which Salinger, distressed that Oona O'Neill, whom he had dated, had married Charlie Chaplin, expressed his disapproval of the marriage in this satirical invention of his imagination:

"I can see them at home evenings. Chaplin squatting grey and nude, atop his chifferoni, swinging his thyroid around his head by his bamboo cane, like a dead rat. Oona in an aquamarine gown, applauding madly from the bathroom."

"I'm facetious," the letter added, "but I'm sorry. Sorry for anyone with a profile as young and lovely as Oona's."

In reversing a ruling issued on Nov. 5 in U.S. District Court in Manhattan, the appeals court declared Thursday that the biography could not be published in its present form.

"The plaintiff J.D. Salinger," the appeals court noted, "is a highly regarded American novelist and short-story writer, best known for his novel 'The Catcher in the Rye.' He has not published since 1965 and has chosen to shun all publicity and inquiry concerning his private life."

"The defendant Ian Hamilton is a well respected writer on literary topics," it continued. "He serves as literary critic of The London Sunday Times and has authored a biography of the poet Robert Lowell."

Mr. Hamilton, who wrote the biography despite Mr. Salinger's refusal to cooperate with him, made use of the unpublished Salinger letters, which were written between 1939 and 1961. The recipients or their representatives donated the letters to university libraries, where they were discovered by Mr. Hamilton.

When Mr. Salinger, 68, learned that the letters were being used in

# AMERICAN TOPICS

## Regional Orchestras Playing the Blues

More U.S. symphony orchestras are in trouble than at any time since the Depression of the 1930s, afflicted with strikes and lockouts, struggling to raise money and in some cases canceling seasons and even, in the case of the Oakland Symphony in California, going bankrupt. The smaller regional orchestras are chiefly affected.

The New York Times said orchestra officials and union negotiators cite a tough new climate in labor negotiations generally, greater difficulty in fund-raising caused in part by government and foundation cutbacks, and overly rapid growth in middle-level orchestras. The 16 U.S. regional orchestras in 1975 had grown to 39 a decade later.

The rash of corporate takeovers has hurt Catherine French, chief executive of the American Symphony Orchestra League, says, "If one corporation takes over another, their two charitable giving components become one charitable giving component, and one plus one does not equal two."

Some experts worry that the declining level of arts education will erode interest in symphonic music. Others are concerned that an increased sophistication boom of recordings has led to demands for a level of performance that small communities cannot afford.



Members of the symphony orchestra in Columbus, Ohio, manning the picket line.

## Short Takes

Paul G. Kirk Jr., chairman of the Democratic National Committee, moved a February meeting of the party finance council from Tucson, Arizona, to Newport Beach, California, to protest the cancellation of Arizona's observance of the Martin Luther King holiday on Jan. 19 by Governor Evan Mecham, a Republican.

"The Democratic party is taking a stand against injustice," Mr. Kirk said. But Arizona Democrats were not pleased. Representative Morris K. Udall called the

switch an "overreaction." Sam Goddard, state Democratic chairman, said that in opposing the governor's stand, "we need support from the national party; instead it is interfering."

A mural will be painted soon in the U.S. Capitol building to honor the seven astronauts of the space shuttle Challenger who were killed when the shuttle exploded a year ago. The mural was jointly proposed by Senators Robert C. Byrd of West Virginia, leader of the Democratic majority, and Bob Dole of Kansas, leader of the Republican minority.

Exactly half the offenders were known to their victims in 20 million cases of rape, robbery and assault recorded from 1982 through 1984, the U.S. Justice Department says: 46 percent of the crimes were committed by total strangers, 31 percent by friends and acquaintances, 8 percent by relatives and 11 percent by persons known to the victims on sight. The remaining 4 percent could not be classified.

Shorter Takes: "The intelligence process is often like a jigsaw puzzle," observes William E. Colby, former director of the Central Intelligence Agency. "That is, the picture becomes clear long before the last piece is in." • From the police log of the Winchester Star in Massachusetts, as reported in Road & Track magazine: "A Cross Street resident reported her own car as a suspicious vehicle parked in the driveway." —ARTHUR HIGBEE

# Charles Wolcott Dies; Baha'i Leader and Musician

The Associated Press

HAIFA, Israel — Charles Fredrick Wolcott, 80, a leader of the Baha'i religion and a former music arranger, died Wednesday of natural causes.

Mr. Wolcott was a music arranger for Walt Disney Studios between 1934 and 1944, and had worked with a number of jazz musicians, including Tommy Dorsey and Benny Goodman. He arranged "Rock

Around the Clock," one of the first rock 'n' roll hits.

He joined the Baha'is in 1938 and served on its National American Spiritual Assembly from 1955 and 1961.

In 1961, he was elected one of the nine members of the international assembly and later became secretary-general of the Universal House of Justice, the governing body of the Baha'i faith.

Other deaths: Vincent R. Impellitteri, 86, who defied New York's Democratic machine of Tammany Hall and was elected mayor as an independent in 1950, of heart failure Thursday in Bridgeport, Connecticut.

Josep Fobz, 94, a Catalan poet, Thursday of a heart attack in Barcelona, Spain. Many of his works were translated into Spanish, French and Italian.

Charles DeBenedetti, 44, a professor of history at the University of Toledo and expert on U.S. diplomacy and the American peace movement during the Vietnam War, Tuesday of a brain tumor in Toledo, Ohio.

Ralph Faulkner, 95, who taught swordplay to movie actors, including Errol Flynn and Douglas Fairbanks Jr., Wednesday in Burbank, California.

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INTERNATIONAL Herald Tribune

Reagan's Other Script

The president had two scripts for his State of the Union Message on Tuesday night — and delivered the wrong one. The speech he delivered in person followed with state wind. His written message crackled with energy, spelling out how to rebuild America's competitive pre-eminence.

other for layoffs because of foreign competition, still others for those who lack job skills. Mr. Reagan's proposal abandons such distinctions and concentrates on education and training for employable skills.

Reaching Out to the ANC

The Reagan administration has come under heavy fire from the American right for extending its constructive engagement policy from the white South African government to the black nationalist resistance organization, the African National Congress.

peaceful tactics, democracy and an open economy. The United States also becomes able to address all the major South African players and not to be identified any longer as having all or most of its hopes vested in the white minority regime.

Infinity on a Child's Coat

Walk out into the snow and, without feeling a crunch under your foot, you will be crushing thousands on thousands of nature's most marvelously varied creations.

Alexander's armies as they invaded India and Hannibal's elephants as they reached for Rome. The mountains of snow piled on the polar ice caps carry the history of the Earth's ancient weather.

Other Comment

On Trade, a Welcome Truce

Representatives of the European Community have endorsed a draft agreement designed to avoid, for the moment at least, the threat of a debilitating trade war between America and Europe, sparked by the accession of Spain and Portugal to the EC.

Washington and Brussels to begin dismantling their vast agricultural subsidy programs, which brought us to the edge of the precipice in the first place.

Gorbachev's 'Daring Concept'

The differences between what Deng Xiaoping has done and the policies pursued by (Mikhail) Gorbachev are striking. The Chinese are already dealing with such concepts as stock markets. Major foreign investments are contemplated. Private businesses are sprouting. Mr. Gorbachev is still dealing with the daring concept of whether votes in the Communist Party may be cast in secret.

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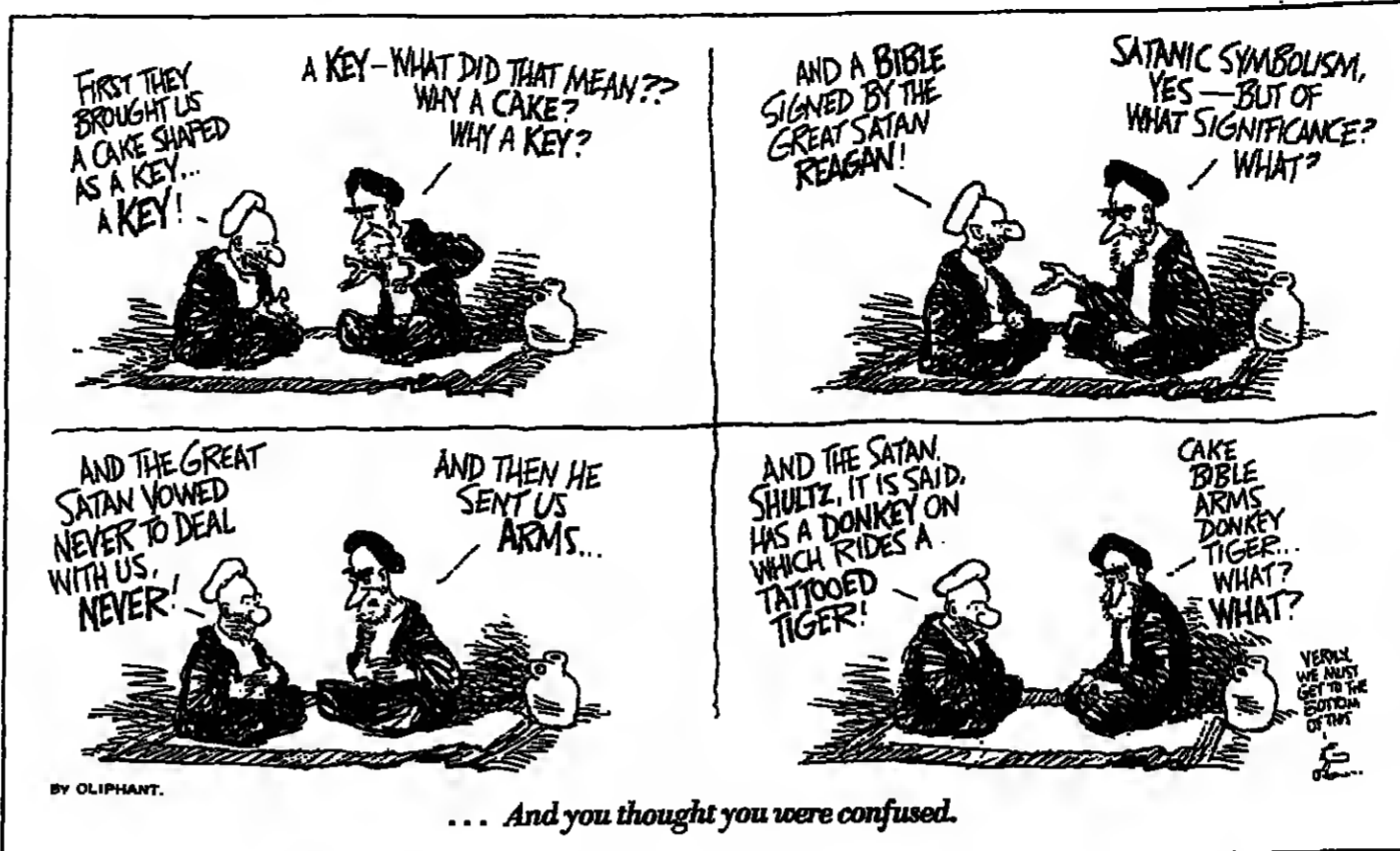
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OPINION



... And you thought you were confused.

Competition Is Gorbachev's Goal — Not Democracy

By William Pfaff

PARIS — It is deeply misleading to speak of Mikhail Gorbachev's proposals Tuesday to the Communist Party's Central Committee plenum as implying "democratization" of the Soviet system.

chooses. The constraints on Mr. Gorbachev are internal ones. They are those imposed by the Communist leadership's own system of belief, the doctrine from which it draws its legitimacy.

In South Africa, Hope Lies in Democratic Change

By Paul N. Malherbe

CAPE TOWN — Anyone who believes peaceful change in South Africa can come through the Nationalist government simply does not understand just how committed it is to holding on to permanent white hegemony, or overlordship.

to develop, in consultation with extraparliamentary groups such as the ANC, an election platform indicating what it has in mind as a credible first step.

would be far less frightening to whites than the immediate implementation of universal suffrage.

A Negotiated Solution: The Will Is There

By Robert H. Phinny

PALM SPRINGS, California — The peaceful change away from apartheid that South Africa claims to seek is now seeking South Africa.

Natal constitution was unappealing to the far right, meaning the conservative Afrikaners, and unacceptable to the far left (the African National Congress and South African Communist Party).

of apartheid can only take place when accompanied by decentralization of the government.

LETTER

Clean the Stable

The Reagan administration, in its attempt to trivialize the Iran-contra affair, first blamed it on Oliver North and John Poindexter, then on Israel.

It is projected that in the year 2000 there will be 11 blacks in South Africa for every white, about double the current ratio.

1912: Strike in Lisbon LISBON — A Council of Ministers was held [on Jan. 30] at the Ministry of War to discuss the situation created by the general strike.

No Cheers For Reagan This Time

By David S. Broder

WASHINGTON — The morning after President Reagan's State of the Union address, morale inside the White House and in several cabinet departments was probably at the lowest ebb in six years.

These gloomy musings touched even institutionally upbeat parts of the White House. They were occasioned by the realization that, whatever positive signals the speech Tuesday conveyed about the president's health, it really represented a lost opportunity for renewing the vigor of an ailing administration.

Mr. Reagan stepped down from the rostrum of the House chamber to cheers and applause. But the less-heralded piddling of the speech he delivered left no rallying point for his embattled party on Capitol Hill.

Some White House staff members who stayed by their television sets to watch the Democratic response recognized that the opposition party, against historical precedent, has reached more agreement on its agenda and priorities than the rudderless White House has done.

A case in point is the "competitiveness" issue, addressed by Mr. Reagan and by the Democratic spokesman, House Speaker Jim Wright of Texas and Senate Majority Leader Robert Byrd of West Virginia.

Anyone who watched the president's speech may be forgiven for being unaware that he has a strategy to arm the United States for a defense of American jobs and living standards in an increasingly cutthroat international economy.

When the "competitiveness initiative" came out of the cabinet council on economic policy headed by Treasury Secretary James Baker, there were hopes it could be presented as the framework for a broad-ranging attack on laggard productivity, fiscal management, shoddy standards of education and workmanship, and undisciplined federal fiscal policies.

The opening sentence of this portion of the Reagan speech carried the echo of that original hope. He set as the benchmark the belief that the United States should "enter the next century having achieved a level of excellence unsurpassed in history."

But there were no specifics, and the president descended rapidly to clichés about "an expansion of American spirit and just plain American grit."

Mr. Wright, who wants that history as a feather in his new speaker's cap, is courting Mr. Byrd in a fashion that surprises many Democrats and alarms some officials in the White House.

Administration officials now figure they will have to rally nervous and increasingly restive Republican senators as the last line of defense against what they fear will be a protectionist-flavored Democratic veto bill.

Reagan's stamp on a competitiveness program of his decade, but it exemplifies the helplessness that is threatening to overwhelm this administration.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Strike in Lisbon LISBON — A Council of Ministers was held [on Jan. 30] at the Ministry of War to discuss the situation created by the general strike.

1937: Hitler's Fifth Year BERLIN — Chancellor Adolf Hitler began his second four-year term [on Jan. 30] by telling the Nazi Reichstag, the German nation and the world that "the era of so-called dramatic steps" — those periodic dramatic strikes taken by the Hitler who have shaken the structure of European peace — is now ended.

Student Protest Closes University in Mexico; Spread of Unrest Feared

By William A. Orme Jr. Washington Post Service MEXICO CITY — Mexico's strongest student protest movement in almost two decades has shut down the huge National Autonomous University in a strike that the authorities fear could stir wider unrest.

Condemning the student action, the university's administrator, Mario Ruiz Massieu, said the students could cause "irreversible damage to their school and their country."

Leaders of the government-affiliated Labor Congress warned that the strike could "detonate" wider social and economic conflicts and urged a prompt settlement.

The strike comes after weeks of student agitation against more stringent admission and examination standards and higher fees, changes the students assailed as "elitist."

But the movement has grown into a broader protest against the management of a school the students say has become gigantic, impersonal and overloaded with bureaucracy.

The university's budget, meanwhile, has steadily declined in recent years, a victim of Mexico's economic crisis. A disproportionate share of these shrinking resources, students and many professors contended, goes to the nearly 25,000-member administrative staff.

The campus is dominated by a library, covered with murals, that is a landmark of modern Mexican architecture. The boldly decorated building has become a symbol of the school's deterioration.

Students swap tales of classes without teachers, courses without textbooks, and critical test results irretrievably lost in a labyrinth of university offices.

Officials of the governing party were especially anxious to avert the strike because of concern for repercussions on the 1988 presidential race.

Within the university, other students resisted the strike movement, apparently leading administrators to conclude that student council leaders represented only a radical minority.

Talks between student and administration representatives broke down in their 10th session Wednesday.

The channel will compete with Britain's Sky Channel, which is owned by the newspaper tycoon Rupert Murdoch.

Viewers of the pay-TV channel are connected to a cable television network or equipped with a satellite receiver dish.

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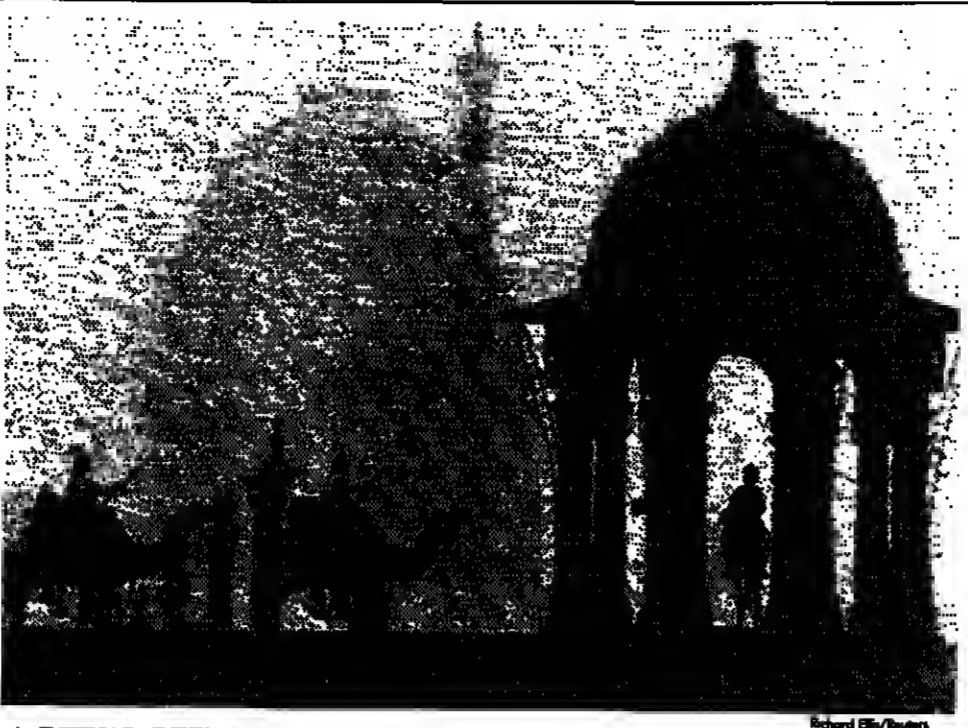
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A RITUAL RETURN — Troops of the Ganga Risala Camel Cavalry silhouetted against the Presidential Palace in New Delhi during the annual beating of retreat.

IRAN: U.S. Officials Deceived Each Other, Report Says

(Continued from Page 1) told Attorney General Edwin Meese 3d that every time he mentioned moderates in Iran to the president, Mr. Reagan returned to the issue of releasing the hostages.

At a news conference, Mr. Boren said the committee had developed "no direct evidence that would state the president knew of the diversion of funds or directed the diversion of funds."

The intelligence committee found, for example, that Albert Hakim, an American businessman who was born in Iran, helped open a new channel of communication to Iranian officials.

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U.S. AIDS Drug Effort Assailed

\$100 Million Program Crippled by Delays, Critics Say

By Robert Steinbrook Los Angeles Times Service LOS ANGELES — The \$100 million federal program to search for AIDS drugs has made little progress in the seven months since it was established, and the lag has set off growing criticism by some AIDS researchers and homosexual activist groups.

When the program was announced in June, health officials predicted that as many as six experimental drugs would be tested in as many as 1,000 patients within six months.

The drug yet to be tested include ribavirin, which recently has been shown to have early promise against the AIDS virus in infected individuals who have not yet developed severe symptoms, and dideoxycytidine, a drug that has seemed promising in laboratory tests at the National Cancer Institute.

There is very little going on and what they are doing is peanuts," said Mathilde Krim, the co-chairwoman of the American Foundation for AIDS Research in New York City.

"The whole thing is a mess," she said. "They are very slow to get started," said Jeffrey Levi, director of the National Gay and Lesbian Task Force in Washington.

As of Monday, 29,582 Americans had contracted AIDS and 16,847 had died of the disease, which destroys the body's immune system.

The AIDS treatment evaluation units were established at many of the nation's leading academic medical centers to speed the evaluation of drugs that might prove effective against the virus that causes acquired immune deficiency syndrome.

In addition to the 3,000 AIDS patients receiving AZT, about 2,000 are being treated with a variety of experimental drugs, according to the American Foundation for AIDS Research.

The drug program's coordinator played down the criticisms, but she and investigators at the treatment evaluation units acknowledged that the program has been plagued by problems.

Christian hard-liners have laid the blame for more than a score of car bombs in Christian East Beirut in the last 18 months on Syrian agents. Damascus has denied any involvement in the attacks.

In West Beirut, witnesses said an explosion ripped through a restaurant near the Chahila mosque camp. The Palestinian camp has been the scene of four months of fighting between Shiite Muslim gunmen and Palestinian guerrillas.

LONDON — British Airways said Friday it had grounded a 15-year-old Boeing 747 after a hairline crack was found in a wing spar that helps hold the wing to the fuselage.

WAITE: Envoy Said to Be Tricked

(Continued from Page 1) no immediate reports of casualties in the West Beirut explosion.

In East Beirut, a car rigged with TNT was detonated in the fashionable shopping district of Zalka, sending shards of glass flying among shoppers, witnesses said.

The attack came shortly after President Amin Gemayel, a Christian, returned to Lebanon from an Islamic Conference Organization meeting in Kuwait.

In Kuwait, Mr. Gemayel had first meeting with President Hafez al-Assad of Syria in more than a year. The two leaders had been at odds because Mr. Gemayel had refused to sign a Syrian-brokered peace pact between Lebanon's warring factions.

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Satellite Begins U.K. Broadcasts To European TV

LONDON — A British satellite television channel for Europe, Super Channel, went on the air Friday night with a potential audience of six million households in 14 countries.

It will provide a 24-hour English-language service using programs from the British Broadcasting Corp., Independent Television and the Virgin Group.

Viewers of the pay-TV channel are connected to a cable television network or equipped with a satellite receiver dish.

Independent Television said that 10 hours of pop music were planned each day and most of the rest would be devoted to documentaries, game shows, soap operas and news.

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ENVOY: South African Ambassador to London Quits, May Run in Election

(Continued from Page 1) ty, which holds 17 seats, are the main parties in opposition to the National Party.

The Cape Times said Mr. Worrall was considering running for Parliament in one of two districts now represented by two powerful old-guard cabinet ministers.

Such a challenge would be certain to become a bitter and direct conflict between supporters of the Botha government and more liberal opponents.

Last week, a leading reformist member of the National Party in Parliament, Wynand Malan, left the party and said he would run as an independent in his suburban Johannesburg constituency.

That defection drew widespread publicity as a sign that President Botha was facing a possible rebellion from younger "New Nationalists" who favor moves toward political accommodation with the black majority.

William Claiborne of The Washington Post reported from Cape Town: In an address to Parliament, President Botha said Friday that he would reconsider "both the content and direction of our foreign relations" with nations that have supported punitive sanctions.

Mr. Botha said: "No foreign nation, nor the United Nations or any other international organization, has the slightest right whatsoever to meddle in our domestic affairs."

When asked whether the president meant a severing of diplomatic relations with the United States or other countries supporting sanctions, Mr. Botha's chief spokesman said later that South Africa was merely reassessing the benefits of normal diplomatic relations with countries that have applied pressure on Pretoria to dismantle the system of apartheid.

Stoffel van der Merwe, deputy minister for information, also acknowledged that foreign intervention in South Africa's domestic affairs would be a major issue in the upcoming election.

Mr. Botha said he had decided not to call elections for the separate mixed-race and Asian houses of Parliament, and he paid scant attention to reform of the system of apartheid, or strict racial separation, although he reaffirmed his invitation to black nationalists to negotiate a formula of power sharing.

But Mr. Botha made it clear that negotiations with the outlawed African National Congress, the main guerrilla force battling minority white rule, could only be held if the guerrilla African National Congress renounced violence.

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TRADE: December Deficit Narrowed but '86 Set Record

(Continued from Page 1) in the chronic trade imbalance could not be expected.

"We are getting the improvement in exports we had expected," said David Wyes, chief financial economist for Data Resources Inc., a private forecasting service.

The Reagan administration had contended that the November figures were a fluke and that the trade imbalance is easing under pressures of a weakening dollar.

But Mike Evans, president of Evans Economics, a private economics consulting firm, said he doubts that the trade deficit will change at all in 1987 because of an expected increase in imported oil prices.

balance improved by \$10 billion, we would have no chance at all because of the rise in oil prices," Mr. Evans said. "I think the improvement the administration is looking for will turn out to be a myth."

The Commerce Department report also showed that the United States ran deficits of \$26.4 billion with the European Community last year, up from \$22.6 billion; \$23.3 billion with Canada, up from \$22.1 billion; \$15.7 billion with Taiwan, up from \$13 billion; and \$10.7 billion with the Organization of Petroleum Exporting Countries, down from \$11.6 billion. (AP, Reuters)

Attention also is focusing on a dispute on the Airbus consortium, which consists of French, British, West German and Spanish companies. The United States has accused the consortium of benefiting from unfair government subsidies in developing two aircraft, which would compete with planes produced by Boeing Co. and McDonnell Douglas Corp. of the United States.

EC and U.S. officials also say the two sides face difficult negotiations over exports of West German machine tools, U.S. access to the EC's telecommunications market, and a recent EC ban on meat hormones.

ARTS / LEISURE

James Lally and the Booming Chinese Market

NEW YORK—When the president of the most powerful auction house in the United States steps down to open his own art gallery after devoting 15 years of his professional life to the company, it means that something big is happening in his field.

All the indications are that Chinese art, particularly its early forms from Shang bronzes to Ming porcelain, is on the eve of yet another boom. The career of James J. Lally, who resigned as president of Sotheby's North America on Dec. 31, 1985, to set up a gallery at 42 East 57th Street simply called J.J. Lally & Co. Oriental Art, neatly coincides with the developments that have led to the present price explosion on the Chinese market.

Little in his university background predestined Lally to become a leading market expert in Chinese art. Neither his undergraduate studies in English literature at

Harvard nor the combined degree in economics and diplomatic history he took at Columbia pointed to commerce or art, let alone China. Early exposure to the outstanding collection of Chinese art in the Mu-

SOREN MELIKIAN

seum of Fine Art in Boston, his hometown, was the initial factor that awoke what was to become a lifetime passion. While in Europe to see more Chinese art, Lally was offered a job at Sotheby's. Hired for his competence in finance and economics, he somehow managed to have a yearlong stint in the Chinese art department in London under James Kiddle, of whom he still speaks in reverential tones.

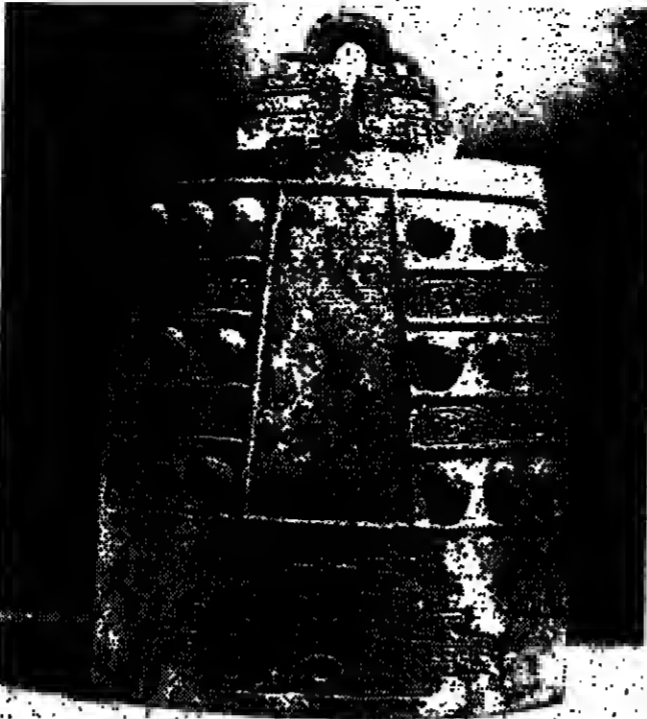
In May 1973, while Chinese art was riding a crest thanks to Japanese buying and the awakening of Hong Kong, there came an opening in New York. Sotheby's expert in Chinese art was leaving for Europe. Lally joined the department and,

on Nov. 20, 1973 held the first sale for which he had written up all the entries. It was a landmark in American auctions of Chinese art. For the first time, footnotes and cross-referencing in scholarly style loomed large in contrast to the past, when objects were broadly characterized in terms of medium, size, and period. A white porcelain bowl of otherwise banal appearance was shown to be connected with the Liao kingdom on the basis of an incised mark in a well-documented discussion that brought in the discoveries of the Swedish scholar Jan Wirgin.

The other major innovation was Lally's approach to the market. He scouted for objects instead of waiting for them to fall in his lap. While walking about Georgetown, his eye was caught by a jade vase in the window of a shop of antiques of every description. He walked in, inquired about the price, which was \$15,000, and said he could get three times as much in his forthcoming auction. In that Nov. 20 sale, the superb Kangxi covered vase set a world record at five times the dealer's price. By the end of the year, Lally was director of the Chinese art department.

Julian Thompson, director of the Chinese department in London, was then setting up Sotheby's Hong Kong. The November experimental sale had been a lumpy success. Lally, who had been to Hong Kong and met the dealers and collectors, sensed a fantastic opportunity. He asked to join. After a trial period, he became a director of Sotheby's Hong Kong in 1974 and, from then until his resignation from Sotheby's, ran the operation with Thompson. The rich Chinese business community was gradually drawn into the auction game and this had a worldwide impact on the prices for later imperial porcelain in the Chinese taste.

When A. Alfred Taubman



Large archaic bronze bell of the Zhou dynasty.

bought Sotheby's in 1982, a new era opened for Lally, who soon became president of Sotheby's America. Two years later he resigned. He had found himself bogged down in administrative chores and cut off from what he cared most about — objects and collectors. Like other experts, he did not like the new atmosphere — "I had no wish to be another sort of apparition," Lally wryly notes. The challenge of working in an auction house as an expert, which is in being confronted with hundreds of objects and learning daily, no longer worked. There comes a time when you sit more and more to learn less and less.

Above all, Lally felt that time was ripe for a new gallery in Chinese art. The two giants in early Chinese objects are now slowly withdrawing from the New York scene. J.T. Tai, who sold most of the great archaic bronzes to be seen in American collections, has been winding up his operation for the last five years. Another major dealer, Alan Hartman, recently closed his gallery, Rare Art Inc., on Madison Avenue, to operate from home. Their semi-retreat takes place at the moment when New York is emerging as a major trading center for Chinese art after a prolonged eclipse. When Lally first stepped into Sotheby's Chinese department, yearly sales for the season (1972-1973) stood at \$1.7 million. In his last full season (1984-1985), they had jumped to \$17.5 million

— an increase of \$5 million from the previous season.

Several factors account for the New York renaissance. It took a generation to erase the consequences of the law banning any imports from Communist China.

A second factor, Lally says, is the impetus given by the special consultant for Far Eastern art in the Metropolitan Museum, Professor Wen Fong of Princeton University. In New York, where interest in art often follows trends set by an institution or a personality with a high profile, the impact on collectors was perceptible.

A third factor that Lally, with his reserve bordering on shyness, would not dream of discussing, is Lally himself. I have accompanied him on visits to collectors, equally reserved and determined to shield their privacy, who, when handling objects in his company, thawed as he does too. He has undoubtedly stimulated some old collectors and inspired new ones. Moreover, he is the man who established a two-way traffic between New York and Hong Kong, attracting collectors and dealers from the Far East to New York and persuading New Yorkers to go to Hong Kong.

The location that Lally chose, the way in which he built up his stock, and the procedures for his opening exhibition all reflect his experience as an auction house man, as well as his personal tastes in art, and even the professionals he most admires. It is probably no accident if the premises he chose on 57th Street call to mind the London gallery of Giuseppe Eskenazi at 166 Piccadilly. Both are above street level, allowing privacy. In both, the display, discreetly modern, is unassuming and leaves the objects to speak for themselves.

To launch his gallery, Lally decided to hold an exhibition and proceeded much as he used to in the Sotheby days. He cast his net



James Lally and Tang dynasty lion.

far and wide, traveling from New York to Hong Kong and Europe, and produced a catalogue that deceptively looks like some of his last catalogues at Sotheby's, down to the dark blue background for a creamy sculpture on the cover. With a difference: the pieces are Lally's own choice, not that of a mixed bunch of vendors. They amount to what to any auctioneer would consider a dream sale.

Lally enjoys the rare advantage of combining the object lover's instant perception and the scholar's awareness of historical significance. His selection went all the way from neolithic pottery from the Gansu to enamelled glass brush pots made under Qianlong (1736-1795). It is characterized by a mix of blockbusters (the most beautiful bronze bell of the Zhou period, of the seventh-sixth centuries B.C., I have seen on the market as part of a chime, of which another may be seen in the Arthur Sackler Museum at the Smithsonian) and of marvelous rarities not worth a great deal because they are so motley. His admirable bronze incense burner of the early Han period, with an openwork spiraling dragon on the lid, has no known parallel.

Lally had sent out 100 invitations and 400 invitations to the private viewing on Dec. 2, stipulating that the sale would start at 4 P.M. By Dec. 1 at 10 P.M., four people were queuing on 57th Street in a snowfall. When Lally arrived at 9 A.M. on Dec. 2, two more had joined them. By noon, Lally had to improvise. Buyers would be allowed in according to arrival order established by ticket numbers. Each buyer would be limited to five items only. On the first night, 23 of the 47 items had been sold.

At the end of the exhibition on Dec. 17, only 10 remained unsold, with sales exceeding \$1 million. Buyers included two New York collectors, a Japanese agent dispatched by a Tokyo syndicate, a London dealer representing a European collector, and five U.S. museums. The stone figure of a Buddha-sutra that retains much of its original polychromy and can be dated to the first half of the seventh century now stands in the Cleveland Museum of Art. Lally passed his inaugural exhibition test with flying colors. A new power has arisen in the international arena of Chinese art. And New York has scored once again.

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A Rap With Singer Eddie Money

By Mike Zwerin
International Herald Tribune
PARIS — Eddie Money's "comeback" album, "Can't Hold Back," still on the charts after 22 weeks, came after a two-and-a-half year hiatus. It has sold more than 500,000 copies and he bets it will soon be a million. The hit track, "Take Me Home Tonight," has earned the grumpy-voiced Money a Grammy nomination.

The album is middle of the road rock, with lyrics on the chic side of banal and melodies on the commercial edge of tedious. The songs are more short soap operas than poems. But it's well-tuned, there is nothing to seriously dislike and form over content is the secret of the charts.

The 37-year-old Money, in Paris last week on a European promotional tour, was born Edward Money, the son of a New York City cop. He attended the police academy for a year, but hated it. "I wasn't no Starkey or Hitch." When he dropped out to sing with a rock 'n' roll band, "my family disowned me for a couple of years. It was heartbreaking. It also made me a nervous wreck." His brother is a "super-heavy narcotics cop, which is funny when you think about my past reputation."

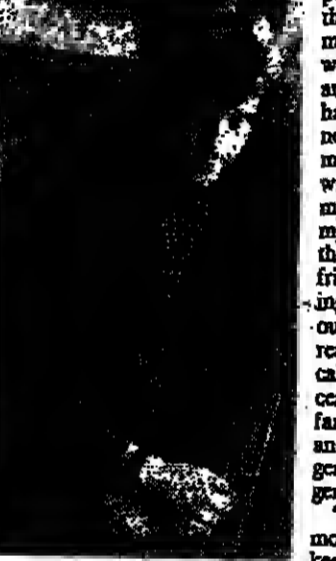
He moved to Berkeley, California, hung out with "big time radicals" like Huey Newton, and drugs are easy to fall into when worked with Bay Area bar bands. The hard-boiled Fillmore promoter have a lot of chicks and you're Bill Graham, still his manager, smoking pot snorting cocaine par-

signed him with Columbia Records in 1977. Money's first, self-titled, album sold a million units and he began to make the gossip columns by being thrown out of nightclubs, displaying a flair for profanity and a lifestyle based on whiskey, drugs and wild women.

"I've cleaned up my act," he says, "but I guess at heart I'll always be a street kid." His rat-a-tat nasal tough-guy street rap is reminiscent of the onetime Dead End Kid Huutz Hall.

"The first time I got up this morning I danced in front of the mirror threw on my shades and relaxed a little bit I think it's great to be alive I made a great record I'm happily married and I have something to look forward to every day. This new comeback album it's about being in love about growing up it's got a lot of redemption in it and a lot of feeling for the wife very successful in the States but breaking Europe is like you know a chick you fall in love with but you never know if you're going to get the last word. I have a lot of confidence in this record the singing's good the material's good the music's good and I'd like the entire world to hear it it would be nice to be an international recording artist."

"But I got a lot of ground to cover I didn't record or perform for two-and-a-half years. Drinking and drugs are easy to fall into when you're working two 40-hour bars. You're working two 40-hour bars. You're working two 40-hour bars. You're working two 40-hour bars."



Eddie Money

put it on the side now what? After the years go by you start to get more sensitive and serious you wonder how long you're going to be around professionally speaking I had to re-establish priorities I needed to meet the neighbors feed my dogs get back into myself. So I wrote songs and tried to make sure my relationship was together with my wife buying new furniture for the house buying a piano seeing friends I hadn't seen in years working real hard I need to space things out so I don't lose control of the real me. I write very autobiographically speaking there's a lot of sincerity on the record and I think my fans hear it I have a lot of older fans and this album is developing younger ones it's great to cover two generations.

"I'm not worrying about the money side right now just trying to keep the group together keep my voice together keep my weight down keep my wife happy keep my mother happy keep CBS happy financially speaking when I make a lot of money I'm not going to get ripped off more than they say they're taking now which is a lot but over and above that I trust the people I'm working with. I'll take a good look at the end of this year. I got a long year ahead of me."

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Table with columns for AMEX prices, NYSE prices, and various market indices.

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ECONOMIC SCENE

Long-Term Benefits Seen From U.S. Restructurings

By JOHN H. KISSICK, Los Angeles Times Service

LOS ANGELES — Is the restructuring of corporate America good for the vitality of the United States or not? Unfortunately, public debate over corporate takeovers, leveraged buyouts and restructurings often focuses on the process: hostile raids, poison pills, shark repellents, "junk bonds," white knights, store closings and employee layoffs. Perhaps the most important question, however, is whether this seemingly frenetic activity will help the long-term competitiveness of the U.S. economy, and thus benefit companies, employees, consumers and shareholders. The public should take a good hard look at some of the criticisms of takeovers and corporate restructurings and see if they bear scrutiny. Criticism No. 1: Takeovers waste investment capital. In fact, takeover money goes to shareholders and either returns to the savings-investment pool or is spent on consumption, which in turn stimulates the economy and leads to further investment. Most economists agree with Michael Jensen's study published in the Harvard Business Review stating that: "activities in the market for corporate control almost uniformly increase efficiency and shareholders' wealth." Criticism No. 2: Takeovers result largely from undervalued stock prices, and since institutions holding most of this equity are intensely competitive and oriented to the short term, management is forced to focus on near-term earnings at the expense of long-term projects and research and development. A Securities and Exchange Commission study shows that the stock market does not favor short-term earnings. It shows that institutions invest more in companies with the highest research and development expenditures and that most takeover targets have the lowest R&D expenditures within their industries.

CRITICISM No. 3: The breakup of companies is bad for the economy. But as President Ronald Reagan's Council of Economic Advisors notes, breaking up a company does not destroy its assets. It simply moves assets to managers who think they can use them more productively and are willing to pay a higher price for them. Criticism No. 4: Takeovers and restructurings eliminate jobs and hurt the U.S. economy. Clearly, restructurings are likely to result in an overall loss of jobs in the short term. But the pressures to cut layers of management, to streamline what the deputy Treasury secretary, Richard Darman, called the "bloated bureaucracy" of big business, to increase productivity and to become more competitive with international exports, will be the pressures that ensure jobs in the long term.

As the economist Edward Yardeni, who also has deep misgivings about the impact of restructurings on employment, has stated, "Global competitive pressures and glut are the roots of restructuring." "If the Ichans and Pickens don't do it," he said, referring to Carl C. Ichan and T. Boone Pickens, two U.S. takeover specialists, "the Japanese will do it for us by putting our companies out of business and taking what's left in their markets." Criticism No. 5: The restructuring of corporate America is resulting in an over-leveraged United States. In a recent column, Professor Richard Ellsworth expressed precisely the opposite concern about leverage, which is a company's use of supplementary non-equity capital, such as senior securities or borrowed money, to increase the returns on equity. His question was: "Given the increasing concern over America's competitive decline in world markets, can U.S. companies afford to have so little leverage?" The percentage of debt in the capital structure averages 66

See SCENE, Page 11

Japanese Stocks Hit High

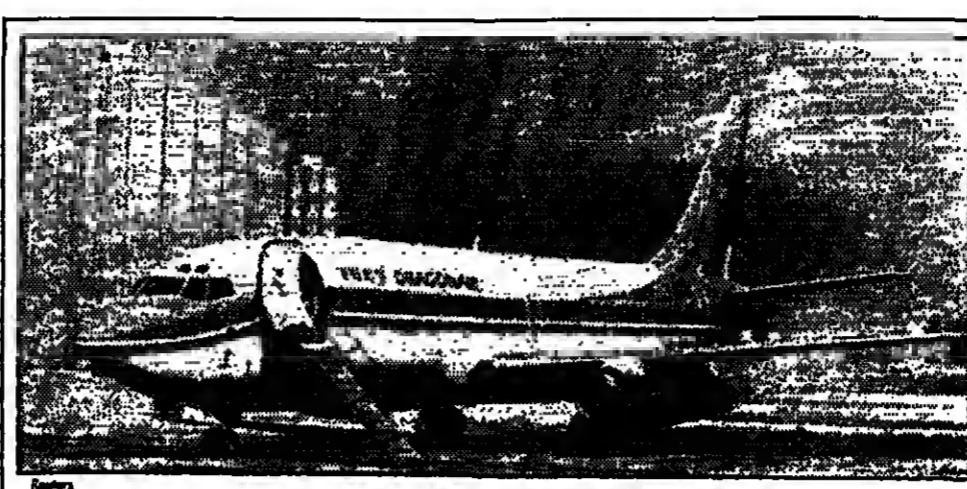
Nikkei Average Passes 20,000

TOKYO — Institutional investors drove the Japanese stock market's key index, the Nikkei 225-stock average, beyond 20,000 for the first time on Friday. Faced with historically low interest rates, buyers flush with cash but with few investment alternatives pushed the average up 127.30 yen to 20,048.35 yen, its seventh record in as many days. Analysts said there were no fresh incentives for high prices. "It is just a passing point," said Takahiro Mikami, executive director of Wako Securities Co. The average has risen 53 percent in the past year. The rise has been attributed to a boom on Wall Street and a sharp appreciation of the yen, which has prompted companies to speculate in stocks to make up for currency losses. The average hit 10,000 yen only three years ago in January 1984. Yoshiyuki Wariishi, director of Nikko Securities Co., said prices would climb further amid prospects for even lower interest rates. The Bank of Japan, faced with a record-breaking appreciation of the yen, is expected to reduce soon its official discount rate, the fee for short-term loans to commercial banks, by half a percentage point to 2.5 percent, a record low. It would be the fifth reduction in a year. Kenichi Tano, stock manager at Nippon Life Insurance Co., said the current buying centered only on financial stocks and some large-capital issues. But, he said, "institutional investors, including life-insurance companies, still have room to buy more." Some analysts foresee a halt in activity after the expected discount-rate cut and the listing of Nippon Telephone & Telegraph Corp. on the Tokyo Stock Exchange on Feb. 9.

Public bidding for NTT, the former state-run telecommunications monopoly, has raised the share price to almost 1.2 million yen (38,000) from a face value of 50,000 yen. Institutional investors, mainly trust banks, life insurance companies and investment trusts, have led the market's rise since 1984. Net purchases by domestic institutional investors hit a record 6.38 trillion yen on Japan's three major stock exchanges in Tokyo, Osaka and Nagoya last year.

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A Dragonair plane on the ramp in Hong Kong; Helmut Sohlen, right, the carrier's managing director, and Sir Yue-Kong Pao, the chairman and biggest shareholder.



Underdog Role Haunts Dragonair Chinese Stake in Cathay Stuns Tiny Hong Kong Carrier

HONG KONG — For Hong Kong Dragon Airlines, the small passenger carrier that is challenging the supremacy of Cathay Pacific Airways Ltd. here, the lunar calendar's Year of the Tiger ended on a decidedly mixed note. On the positive side, the Hong Kong civil aviation authorities this week licensed Dragonair to operate 21 new routes, giving the carrier its first substantial opportunity to begin generating a steady flow of cash. At the same time, rival Cathay Pacific Airways appears to have dramatically upstaged Dragonair in the two airlines' efforts to win acceptance here and in China. Both of these developments came in a single day earlier this week. As a result, the Year of the Rabbit, which began Thursday, suddenly seems to hold as much uncertainty for Dragonair as it does promise. Since it was formed 18 months ago, Dragonair's struggle to survive has centered chiefly on winning the right to build a network of routes for its tiny fleet, and on developing the few routes it has already been granted. In this it has routinely encountered objections from Cathay, Hong Kong's unofficial flag carrier,

and what Dragonair says is a discriminatory aviation policy based largely on the British "old-boy network." Hong Kong section. Now Dragonair faces an altogether new challenge. On Tuesday, Cathay announced that a mainland merchant bank, China International Trust & Investment Corp., would become a 12.5 percent shareholder in Cathay. CITIC, as the Chinese institution is known, is to pay \$249.3 million for 21.2 million new Cathay shares and 145 million shares currently held by Hongkong & Shanghai Banking Corp. Cathay's parent, Swire Pacific Ltd., is to retain a 50.2 percent interest. One question raised by the transaction is whether CITIC and similar Chinese institutions are functioning more or less independently or whether the move represents an abrupt decision by China to support Cathay in its long-running battles with Dragonair. Analysts also question whether Swire Pacific's link with a mainland enterprise represents an alternative to the course chosen by Jardine Matheson three years ago when it moved its headquarters to Bermuda. CITIC, which has been diversifying its activities

See DRAGONAIR, Page 11

Japan's Surplus In Trade Soars 75%, to a Record

TOKYO — Finance Ministry officials said Friday that, despite the effects of a stronger yen, Japan's current-account surplus soared 75 percent in 1986 to a record \$85.97 billion.

The bloated surplus, which compares with the previous record of \$49.17 billion in 1985, resulted largely from increased exports of merchandise to industrialized nations, particularly the United States, the officials said. The current account is the broadest measure of a nation's trade, and includes goods, services and short-term interest dividends. Japan's merchandise-trade surplus alone was a record \$92.66 billion last year, a 66 percent increase from \$55.99 billion in 1985. The nation's long-term capital outflow also doubled to \$131.81 billion last year from \$64.54 billion in 1985, the ministry said. The current-account surplus for December also set a monthly record, at \$9.4 billion. The figure compares with \$8.14 billion in November. The previous record monthly surplus was \$9.1 billion in September. Japanese exports totaled \$205.56 billion last year, with \$80.4 billion, or 39 percent of that amount, imported by the United States, according to preliminary customs clearance figures. Imports came to \$112.9 billion, with the United States accounting for 26 percent of that figure, the figures showed. Japan reported a deficit of \$4.33 billion in services, or "invisible" trade, following a \$5.16 billion deficit in 1985, ministry officials said. The record 1986 balance in Japan's current account came despite the yen's appreciation of about 60 percent against the dollar since leaders of five industrialized countries agreed in September 1985 to drive down the U.S. currency's value to help reduce the U.S. trade deficit. While the high yen has failed so far to curb the country's trade sur-

plus, it has increased the prices of Japanese goods abroad. The volume of business has declined sharply as a result in yen terms, damaging companies' confidence and prompting efforts to reduce labor costs. The ministry, underlining that trend, announced Friday that the unemployment rate rose to 2.8 percent in 1986, the highest figure since Japan adopted its current system of calculating jobs statistics in 1953. The jobs rate was 2.6 percent in 1985. Officials said that the increase reflected the reluctance of Japanese manufacturers to hire workers amid a slump in overseas sales of Japanese cars, steel and other goods. Haruo Muro, an economist with the Bank of Tokyo, said that unemployment could rise to 3 percent this year, which is low by European and U.S. standards but a politically explosive figure in Japan. Despite the trade results, Japan's surpluses should decline in 1987 as the drop in trade volume is reflected in dollar values, analysts said. "The yen is stronger and Japanese goods are not being bought" at the same levels "in the United States," said the chief economist of the Long-Term Credit Bank of Japan, Nobuyoshi Araki. "Last December should be the peak." U.S. pressure on Japan to do more to fuel its domestic economy and thereby increase imports is also certain to continue, economists said. Japan is widely expected to announce a cut in its official discount rate as one way of stimulating growth by making it cheaper for companies to borrow funds. Economists said that the record current-account and trade surpluses could fuel Tokyo's efforts to stabilize the value of the yen against the dollar in the short term. "We should brace for turbulence in the currency market," said Akio Kohno, the chief economist for Daiwa Securities. (AP, Reuters, AP)

Currency Rates

Table showing currency rates for various countries including Amsterdam, Brussels, Frankfurt, London, Milan, New York, Paris, Tokyo, Zurich, and Hong Kong.

Table showing other dollar values for various currencies like Australian dollar, Canadian dollar, Hong Kong dollar, Indian rupee, etc.

Table showing interest rates for various currencies and terms.

Table showing key money rates for various currencies.

Table showing Asian dollar deposits for various banks and terms.

Table showing U.S. money market funds for various funds.

Table showing gold prices for various types of gold.

Stockholm Sets General Price Freeze

Stockholm — The government imposed a general price freeze on most goods and services on Friday in an effort to head off labor negotiations that could further fuel inflation. The rush for shares in Paribas, which went on sale last week, is expected to far exceed the demand for the first group privatized, Cie. de

The alternative — issuing fewer than 10 shares each — would raise problems in a year or so. Buyers who hold onto their shares until then have been promised one free share for every 10 they own, a major incentive for new investors. Mr. Balladur brushed off the potential complications. "I would rather be hindered by the success than submerged by failure," he said.

The Paribas Sale: An Embarrassment of Riches

PARIS — France's conservative government, caught off guard by the runaway success of its latest sale of a state-controlled enterprise, may face the embarrassment of having to backtrack on a major promise it made to investors. The government of Prime Minister Jacques Chirac is studying how to keep a promise that individual investors would be able to purchase at least 10 shares each in Cie. Financière de Paribas, the big French banking group that is being demutualized. The sale of Paribas is part of a 300 billion franc (\$31 billion) program to return 65 companies to the private sector by March 1991, reducing to 10 percent from 28 percent the state's direct stake in the economy.

A Selling Job for J. Walter Thompson

NEW YORK — The advertising giant J. Walter Thompson Co. suddenly has a selling job to do on its own behalf, convincing clients that show a second consecutive year of reduced profits. Wall Street critics say Thompson's creativity is eclipsed only by its spending. While many advertising agencies began making substantial staff cuts early last year, J. Walter Thompson was among the last to shrink its payroll. Nearly 200 workers were let go last year, primarily from the New York office. Although the agency saved some money in 1986 by shutting down its Washington office, it has no plans for any substantial closings of branches worldwide. "It's not like running a factory line," Don Johnston, chairman and chief executive of JWT Group, said Thursday. "You can't just go shutting down lines in a business like ours." In a lousy year for most ad agencies, Thompson was among the last to react, he conceded. "We had a lot of new people in place who might not have reacted quickly enough," he said. "We are facing a few critical weeks at present," Mr. Feldt said. "We must capitalize on the slowdown in wage costs and we are telling industry it should not pass higher costs on to the consumer." (AP, Reuters)

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Baker Says U.S. Is Considering A G-5 Meeting

WASHINGTON — The United States is "giving some consideration" to a meeting of the Group of Five industrial nations, though there are "no present plans for a G-5," Treasury Secretary James A. Baker 3d said Friday. "I think it's clear there is some consideration being given to the possibility" of a meeting, Mr. Baker said in response to a question from the Joint Economic Committee of Congress. He also told the committee that Washington had not been pushing for a decline in the dollar in the past year. In Tokyo, Japanese officials and Western diplomats said Friday that Japan was continuing to press hard for a meeting but that Britain and West Germany appeared reluctant. The diplomats attributed their hesitancy to fear that the dollar would fall sharply if the group met and failed to agree. West German sources said that, despite official doubts about the usefulness of a meeting, Bonn would not refuse to participate. The Group of Five comprises West Germany, Britain, France, the United States and Japan.



Don Johnston

Advertisement for The Value Line, featuring the text 'The Value Line brings you HARD FACTS ON 1700 AMERICAN STOCKS' and details about the Value Line Investment Survey.

Vertical advertisement on the left side of the page, partially obscured, mentioning 'FINE ART INVESTMENT PARTICIPATION'.

NYSE Most Actives table with columns: Vol., High, Low, Last, Chg.

Market Sales table with columns: NYSE 4 a.m. volume, NYSE prev. close, etc.

NYSE Index table with columns: High, Low, Close, Change

Friday's NYSE Closing logo and text: Via The Associated Press

AMEX Diary table with columns: Class, Prev., Change

NASDAQ Index table with columns: Class, Prev., Change

AMEX Most Actives table with columns: Vol., High, Low, Last, Chg.

Dow Jones Bond Averages table with columns: Bonds, High, Low, Close, Chg.

NYSE Diary table with columns: Class, Prev., Change

Odd-Lot Trades in N.Y. table with columns: Buy, Sell, % of Total

Dow Jones Averages table with columns: Index, High, Low, Last, Chg.

Standard & Poor's Index table with columns: High, Low, Close, Chg.

NASDAQ Diary table with columns: Class, Prev., Change

AMEX Stock Index table with columns: High, Low, Close, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

N.Y. Prices Dip in Profit-Taking

NEW YORK — Prices on the New York Stock Exchange finished narrowly lower Friday after late buying erased sharp losses caused by profit-taking ahead of the weekend and limited future-related selling.

Although the market climbed dramatically in January, Friday's pullback was "very calm," he observed. He predicted that stock prices would have a week or two of rest and recuperation before moving higher again.

Table A: NYSE Most Active Stocks (continued)

Table B: NYSE Most Active Stocks (continued)

Table C: NYSE Most Active Stocks (continued)

Table D: NYSE Most Active Stocks (continued)

Table E: NYSE Most Active Stocks (continued)

Table F: NYSE Most Active Stocks (continued)

Table G: NYSE Most Active Stocks (continued)

Table H: NYSE Most Active Stocks (continued)

Table I: NYSE Most Active Stocks (continued)

Table J: NYSE Most Active Stocks (continued)

Table K: NYSE Most Active Stocks (continued)

Table L: NYSE Most Active Stocks (continued)

Table M: NYSE Most Active Stocks (continued)

Table N: NYSE Most Active Stocks (continued)

Table O: NYSE Most Active Stocks (continued)

Table P: NYSE Most Active Stocks (continued)

Table Q: NYSE Most Active Stocks (continued)

Table R: NYSE Most Active Stocks (continued)

(Continued on next page)



NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. PE 50 High Low Close

Table with columns: 12 Month High Low Stock Div. Yld. PE 50 High Low Close

(Continued)

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INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, JANUARY 31-FEBRUARY 1, 1987

12 Month High Low Stock Div. Yld. PE 50 High Low Close

Table with columns: 12 Month High Low Stock Div. Yld. PE 50 High Low Close

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Table with columns: 12 Month High Low Stock Div. Yld. PE 50 High Low Close

BUSINESS ROUNDUP

Ford-Werke Will Post Profit for '86

By Ferdinand Protzman International Herald Tribune FRANKFURT — Ford-Werke AG, the U.S. automaker's West German subsidiary, will post a solid profit for 1986 after two years of severe losses and corporate restructuring, the chairman of its managing board said Friday.

In a separate report, the West German automaker Audi AG reported Friday that its sales rose 4 percent last year to 10 billion DM, according to provisional figures, from 9.6 billion DM in 1985. But it did not release earnings figures.

Daniel Goudevert said in a statement that Ford-Werke was in the "deep black" for 1986, but he did not provide a specific profit figure. Ford-Werke posted net losses of 251.1 million Deutsche marks (\$140.9 million at current exchange rates) in 1985 and \$298.1 million DM in 1984.

Dollar's Fall Hits Swiss Watches

BIEL, Switzerland — Swiss watch exports, hurt by the falling dollar, dropped slightly in value last year after a record in 1985, even though the number sent abroad rose by 6 percent, the industry said Friday.

Exports totaled 4.27 billion Swiss francs (\$2.84 billion), down by 1 percent from 1985, according to the Federation of Swiss Watchmakers. The number of watches, clocks and movements exported rose to 61 million, but this was more than wiped out by the weaker dollar.

The industry's Switzerland's fourth-largest export earner. Almost half of the industry's business is carried out in U.S. dollars and further declines in the value of exports are expected, the federation said.

Burton Holders Pass Stock Plan

LONDON — Shareholders to the British retail chain Burton Group PLC have approved a much-debated share repurchase plan that could give huge bonuses to the company's senior executives.

Burton also reported Thursday that it nearly doubled its pretax profit last year to £148.7 million (\$27.5 million) from £80.2 million the previous year.

Burton, whose share price was depressed by the controversy and by rumors, later denied that the government was about to start an inquiry into its share dealings, won approval of the stock plan by 97.9 million votes to 53 million.

LTV Reports Operating Profit

DALLAS — LTV Corp. said Friday it posted a net loss of \$453.4 million in the fourth quarter, considerably less than \$75.7 million a year earlier, but had an operating profit, taking into account a \$600 million charge related to Chapter 11 proceedings.

For the year, LTV had operating income of \$171.9 million, against a loss of \$88.7 million in 1985, including special charges of \$3.24 billion related to reorganization under Chapter 11 of the Federal Bankruptcy Act, however, it posted a net loss of \$3.25 billion for the year.

LTV said fourth-quarter operating income from steel was \$130.5 million.

TWA Earns \$85 Million In Period on Gain From Sale

NEW YORK — Trans World Airlines swung into profit in the fourth quarter, usually its weakest period, reporting operating earnings of \$21.7 million and net income of \$85 million.

The figures, which result in a net profit of \$2.36 per share, compare with a net loss of \$123.4 million and an operating loss of \$91.5 million in the fourth quarter of 1985.

Had it not been for an extraordinary gain of \$134.6 million from the sale of a 50-percent interest in its computerized reservation service, TWA would have posted a \$50 million net loss for the quarter.

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Table with columns: Company Name, Year, Revenue, Profit/Loss

COMPANY NOTES

Chrysler Corp. scheduled five U.S. car and truck assembly plants to work overtime in the week of Feb. 2. It also scheduled four assembly plants to work on Saturday, Jan. 31.

DMR Group Inc., an information management company based in Montreal, has agreed to buy Cosys Belgium SA, a private information management company with annual sales of about 4.2 million dollars (\$3.14 million). Terms were not disclosed.

Dumez Investments Inc., which is 70 percent owned by Dumez, SA, a Paris corporation, and 30 percent by Unicoip Canada Inc., said it has started a tender offer for all shares of Westburn International Industries Ltd., at 20 Canadian dollars (\$14.90) a share.

Kolussi Motors Corp. of Tokyo has agreed to buy the Hyatt Regency Maui, Hawaii, for \$319 million in cash from an investment partner affiliated with VMS Realty Inc. of Chicago. The property will continue to be managed by Hyatt Corp., which operates 123 hotels worldwide.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 30 Jan. 1987

Large table listing various international funds with columns for fund name, share price, and other details.

Be sure that your fund is listed in this space daily. Telex Matthew GREENE at 613595F for further information.

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Table with columns: Company Name, Year, Revenue, Profit/Loss

NSE High-Lows

Table with columns: Stock Name, High, Low

WORLD MARKETS

IN REVIEW MONDAY. A WEEKLY REVIEW OF WORLD STOCK MARKETS ESSENTIAL READING FOR INVESTORS AND PROFESSIONALS - WORLDWIDE.



CURRENCY MARKETS

Dollar Up Sharply on Trade Figures

NEW YORK — Better-than-expected figures for the U.S. merchandise trade deficit propelled the dollar strongly ahead Friday in New York and Europe, although it finished down from the day's highs. The December deficit of \$10.66 billion was well below the expected \$14 billion to \$15 billion.

London Dollar Rates

Table with columns: Currency, Rate, Change. Includes Deutsche mark, Swiss franc, French franc, etc.

He also said the improved trade figure should not be overemphasized. However, the dollar was up more than 4 pence on the day, closing in New York at 1.8340 DM, against 1.7920 DM Thursday.

SCENE: Takeover Effects

(Continued from first finance page) Mr. Baker did not rule out a meeting with his counterparts in the Group of Five industrial countries, West Germany, Japan, Britain and France, although he said there were no plans for a meeting.

DRAGONAIR: Chinese Stake in Rival Stuns Hong Kong's No. 2 Carrier

(Continued from first finance page) For some time, will have one seat on Cathay's board. For many analysts, the share purchase is the most severe blow yet to Dragonair.

who also serves as Dragonair's chairman. Swire Pacific, in turn, "localized" Cathay last year by floating 15 percent of its share capital in the Hong Kong stock market.

Despite Dragonair's emphasis so far on routes to secondary cities in Asia, the airline insists that it intends to advance beyond the status of a "feeder" carrier.

Officials now plan to renew applications for routes to Shanghai and Beijing that were turned down last year. Eventually, they want to develop a route structure that takes in the western coast of the United States and to compete with Cathay on long-haul flights to Europe and other destinations.

THE EUROMARKETS

Eurodollar Bond Prices Slip Amid Confusion

LONDON — Prices of Eurodollar bonds closed slightly lower Friday as investors sought lower yields and a discount on the dollar, with a discount of about 1.6.

had not been a Reagan administration goal over the past year. "The only issues you can sell in this market are either currency plays or those that are tailored for the Japanese investor," a trader said.

million of bonds with 200,000 currency warrants to buy dollars at 1.79 Deutsche mark to the dollar, with an expiration date of February 1989.

Six Banks Fail in U.S., Raising '87 Tally to 17

WASHINGTON — Six small banks, one each in Oklahoma, Missouri and Indiana and three in Texas, have been closed by U.S. regulators, raising the number of bank failures so far this year to 17, the Federal Deposit Insurance Corp. reported Friday.

"The argument now is that things will be more difficult for us," he said. "But we still believe there's room for two in Hong Kong and we still intend to develop a second airline here, even if Cathay's long-term interests are protected."

When Dragonair made its debut in mid-1985, it was criticized, ironically, for having too many mainland enterprises among its shareholders.

Euro-Commercial Paper

Table with columns: Maturity (15-45 days, 46-75 days, 76-105 days, 106-135 days, 136-165 days, 166-183 days), Issuer, Bid, Ask, etc.

Friday's OTC Prices

NASDAQ prices as of 4 p.m. New York time. Via The Associated Press

Large table of OTC prices for various stocks, including columns for High, Low, P.A., and Change.

Friday's OTC Prices (Continued)

Continuation of OTC prices table, listing various stock symbols and their prices.

Friday's OTC Prices (Continued)

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Friday's OTC Prices (Continued)

Continuation of OTC prices table, listing various stock symbols and their prices.

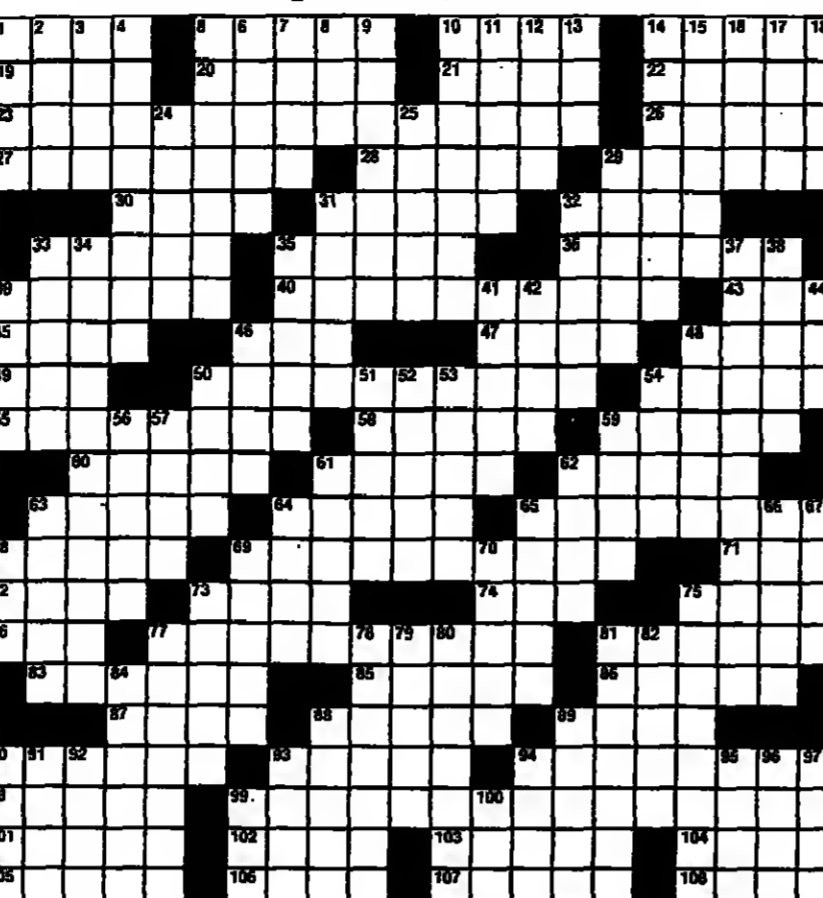
Friday's OTC Prices (Continued)

Continuation of OTC prices table, listing various stock symbols and their prices.

**ACROSS**  
 1 Radar-screen image  
 5 Still abed  
 10 Principal island of the I.K.  
 14 Animal designed by a committee?  
 19 Concord wine  
 20 "I never met \_\_\_\_\_ didn't like"; Rogers  
 21 Egg-shaped  
 22 Mrs. Culp  
 23 These two go together  
 26 Likewise  
 27 Historic Hertfordshire city  
 28 Greenhouse material  
 29 Desists' partner  
 30 Bafaloko is its capital  
 31 Trauma  
 32 "\_\_\_\_\_, a very palpable..."; Shalk  
 33 "\_\_\_\_\_" "We Dance?"  
 35 John Wilkes or Shirley  
 36 Game for legless  
 38 In an acute way

**DOWN**  
 1 Ebenezer's comments  
 2 L.L. Cable's  
 3 Pelvic bones  
 4 Violinist  
 5 With a twang  
 6 Game for legless  
 7 Summer acquisitions  
 8 German  
 9 Scalding, as a bowl of soup  
 10 Opaque  
 11 Codfish

**Sticking Point** By Frances Hansen



© New York Times, edited by Eugene Malachuk.

**DOWN**  
 12 Puppeter  
 13 Hwy.  
 14 Opioid-derived analgesic  
 15 Emulate  
 16 World Series winners: 1986  
 17 Mignon  
 18 Vietnamese here  
 24 Kind of machine  
 25 Fabric  
 29 Discourage  
 31 Up until now  
 32 South America's "backbone"  
 33 Canary's cousin  
 34 "... you might have \_\_\_\_\_"; S. Rogers  
 35 "Dark Summer" poet  
 37 These are good for the fray  
 38 "Der Fliegende Holländer" heroine  
 39 Hopi assembly hall  
 41 In or out trailer  
 42 Torture, in a way

**BOOKS**

mer Time correspondent in Saigon, interpret the letters as a promise that the United States would come to Saigon's aid, even with B-52s, if the North Vietnamese should violate the peace agreement. Had it not been for that commitment, they argue, there would not have been the accord. And had the United States honored its promise, Saigon might not have been lost.

There is much about this thesis that is troubling, but nothing more so than the way the authors handle this basic underlying question: Can the American people be held to secret presidential commitments that are ultimately circumscribed by law? The War Powers Act and other Watergate-inspired legislation prevented the White House from delivering on all of Nixon's promises to Thieu. Hung and Schecter recognize this, but they conclude unsatisfactorily that the president's word, as reflected in the letters, should have been bond anyway. That notion ignores the importance of law in our society and surely deserves more skepticism.

It seems simplistic to suggest, as Hung and Schecter do, that the Paris agreement was needlessly concessionary, that Kissinger fumbled in allowing Hanoi to keep its forces in the South and that Thieu might have done better by holding out for better terms. In fact, nobody had the right to dictate conditions to Hanoi, and had Thieu refused to endorse the Paris agreement, Congress would have cut aid immediately. He was therefore not so much the betrayed ally as the betrayed supplicant.

Equally misleading is the authors' suggestion that aid cuts imposed after the cease-fire doomed Saigon. Undoubtedly the South Vietnamese were strapped for some material as Congress tightened the purse strings, but whether the shortages were as severe as the authors (and their partisan U.S. military sources) claim, remains unproven.

Nor is it clear that the South Vietnamese could have used additional aid effectively.

Coming from an armchair warrior like Hung, this is a dazzling piece of audacity.

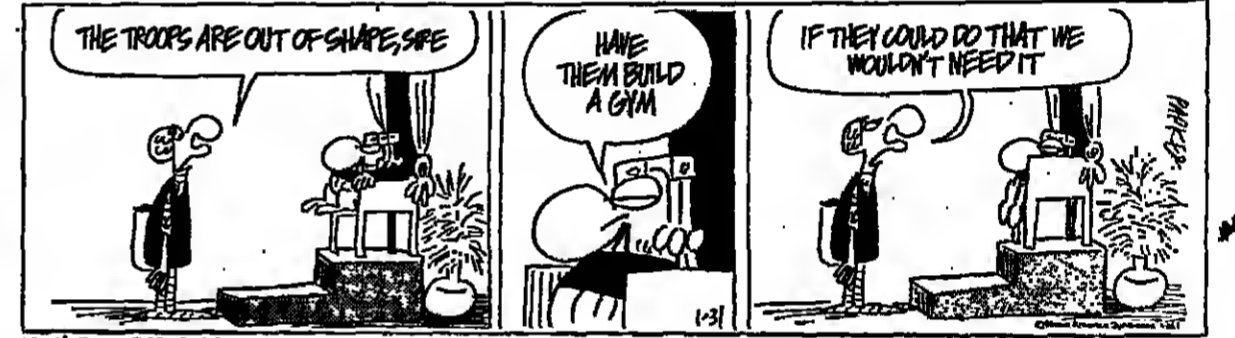
His case against the United States rests on a packet of private letters — "the Palace File" — which President Thieu received from the White House during the last years of the war. In mid-April 1975, Hung brought the letters to Washington in hopes of using them to shame the American public into supporting a three-year loan for Saigon. The plot did not work. The North Vietnamese victory was only two weeks away. But Hung clearly is not content to let the American conscience rest easily.

The letters, signed by Presidents Nixon and Ford and published here in full for the first time, represent a mix of coercion and enticement — promises of U.S. support coupled with threats of an aid cut-off — designed to get Thieu to back the Paris Peace Accords and other fruits of Henry Kissinger's secret diplomacy.

Hung and his co-author, Jerrold Schecter, a for-

**Solution to Last Week's Puzzle**

ACROSS  
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 4. BEEHIVE  
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**THE PALACE FILE**

By Nguyen Tien Hung and Jerrold L. Schecter. 416 pages. \$22.50. Harper & Row, Publishers Inc., 10 East 53d Street, New York, N. Y. 10022.

Reviewed by Frank Snapp

NGUYEN TIEN HUNG is one of those curious South Vietnamese patriots who would rather cavil than fight. After leaving Vietnam in 1958 to study and teach in the United States, he stayed away for nearly 15 years even as more and more American and Vietnamese boys fought and died to save the homeland he had left behind. Only after the Paris Peace Accords in 1973 did he again take up residence in South Vietnam, and then as President Nguyen Van Thieu's rather privileged guest adviser.

Hung's failure to rally more energetically to Saigon's standard is something worth pondering, for in this co-authored account of the war's end, he seems determined to fault the United States for not doing enough to prop up South Vietnam's losing cause.

**DENNIS THE MENACE**



"DID LITTLE BO BE EVER FIND HER LOST JEEP?"

**WEATHER**

EUROPE	HIGH		LOW		ASIA	HIGH		LOW	
	C	F	C	F		C	F	C	F
Algeria	17	63	8	46	Beijing	23	73	2	35
Austria	15	59	4	39	Bangkok	29	84	25	77
Berlin	12	54	3	37	Hong Kong	23	73	16	61
Bombay	28	82	21	70	Kobe	14	57	6	43
Buenos Aires	15	59	9	48	Manila	27	81	19	66
Cardiff	11	52	2	36	Seoul	7	45	7	45
Cairo	17	63	11	52	Singapore	29	84	24	75
Canton	18	64	11	52	Tokyo	11	52	4	39
Chengde	17	63	11	52					
Cincinnati	15	59	5	41					
Cleveland	14	57	4	39					
Columbus	15	59	4	39					
Dallas	17	63	8	46					
Denver	14	57	7	45					
Detroit	15	59	5	41					
Houston	17	63	9	48					
Los Angeles	18	64	11	52					
London	11	52	4	39					
Moscow	10	50	3	37					
New York	12	54	5	41					
Paris	11	52	4	39					
Rio de Janeiro	18	64	11	52					
Sao Paulo	18	64	11	52					
Sydney	18	64	11	52					
Washington	17	63	9	48					
Zurich	11	52	4	39					

**World Stock Markets**

Via Agence France-Press Jan. 30

Closing prices in local currencies unless otherwise indicated.

Market	Index	Change
<b>Amsterdam</b>	270.00	+1.25
<b>Bombay</b>	480.00	+5.00
<b>Calcutta</b>	1100.00	+10.00
<b>Canton</b>	1200.00	+15.00
<b>Colon</b>	2500.00	+20.00
<b>Frankfurt</b>	200.00	+1.00
<b>Hong Kong</b>	3500.00	+30.00
<b>London</b>	2200.00	+20.00
<b>Lyons</b>	1800.00	+15.00
<b>Manila</b>	3000.00	+25.00
<b>Mexico City</b>	2800.00	+20.00
<b>Osaka</b>	2100.00	+18.00
<b>Paris</b>	2400.00	+16.00
<b>Peking</b>	1500.00	+12.00
<b>Rangoon</b>	4200.00	+35.00
<b>Seoul</b>	3800.00	+30.00
<b>Singapore</b>	3200.00	+28.00
<b>Taipei</b>	3600.00	+32.00
<b>Tokyo</b>	2000.00	+15.00
<b>Yokohama</b>	2100.00	+16.00

Market	Index	Change
<b>Brussels</b>	350.00	+1.50
<b>Buenos Aires</b>	1200.00	+10.00
<b>Cairo</b>	2500.00	+20.00
<b>Cardiff</b>	1100.00	+9.00
<b>Chengde</b>	1700.00	+14.00
<b>Cincinnati</b>	1500.00	+11.00
<b>Cleveland</b>	1400.00	+10.00
<b>Columbus</b>	1500.00	+11.00
<b>Dallas</b>	1700.00	+14.00
<b>Denver</b>	1400.00	+10.00
<b>Detroit</b>	1500.00	+11.00
<b>Houston</b>	1700.00	+14.00
<b>Los Angeles</b>	1800.00	+15.00
<b>London</b>	2200.00	+20.00
<b>Moscow</b>	1000.00	+8.00
<b>New York</b>	1200.00	+10.00
<b>Paris</b>	2400.00	+16.00
<b>Rio de Janeiro</b>	1800.00	+15.00
<b>Sao Paulo</b>	1800.00	+15.00
<b>Sydney</b>	1800.00	+15.00
<b>Washington</b>	1700.00	+14.00
<b>Zurich</b>	1100.00	+9.00

**Markets Koug and Singa**  
 closed Friday for a holiday.

**The Daily Source for International Investors.**

Market	Index	Change
<b>Amsterdam</b>	270.00	+1.25
<b>Bombay</b>	480.00	+5.00
<b>Calcutta</b>	1100.00	+10.00
<b>Canton</b>	1200.00	+15.00
<b>Colon</b>	2500.00	+20.00
<b>Frankfurt</b>	200.00	+1.00
<b>Hong Kong</b>	3500.00	+30.00
<b>London</b>	2200.00	+20.00
<b>Lyons</b>	1800.00	+15.00
<b>Manila</b>	3000.00	+25.00
<b>Mexico City</b>	2800.00	+20.00
<b>Osaka</b>	2100.00	+18.00
<b>Paris</b>	2400.00	+16.00
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<b>Tokyo</b>	2000.00	+15.00
<b>Yokohama</b>	2100.00	+16.00

SPORTS

Murray May Have Won First Skirmish in Cup Battle of Gamesmanship

By Barbara Lloyd  
New York Times Service

FREMANTLE, Australia — In the games both at sea and ashore that Dennis Conner's Stars & Stripes team and Iain Murray's Kookaburra III crew have played leading up to Saturday's opening race of the America's Cup series, the Kookaburras may have scored the last point. According to a source close to the Kookaburra syndicate, Taskforce '87, the Australians switched boats during speed testing last week with New Zealand, the host team, to become the challenger. Instead of plying with Kookaburra III—which will defend the America's Cup—the tests were made with Kookaburra I, the syndicate's oldest and presumably slowest 12-meter. Conner, in thinking the Australians were sailing Kookaburra III, paced the two boats from a distance with Stars & Stripes. He also sent his Aussie team out to watch from a helicopter. Conner already knew New Zealand's potential from previous races, and in following the two boats as they raced, he could see the information gained at yardstick with which to measure the speed of Kookaburra III.

By substituting the older boat, which looks identical to Kookaburra III above the waterline, the Australians may have been able to distort Conner's assessments. The switch also could have given the Australians more time in the boat shed to work on changes to Kookaburra III. Chris Dickson, the skipper of New Zealand, said Thursday that his team had checked to make sure it wasn't sailing against Kookaburra I, but had never thought to watch out for Kookaburra I. "That would be a perfect trick," Dickson said. Grant Donovan, a spokesman for the Kookaburra team, said that he knew of no substitution. But he did concede that the two Kookaburra boats are identical enough above the waterline to carry off the ploy, and added: "We could do something like that. We're not beyond doing something like that. But not on this occasion." Murray refused to comment. From all reports the Kookaburra, whichever it was, appeared a bit faster upwind than New Zealand and a bit slower downwind. But the boats were not racing and Dickson indicated that his crew was not trying very hard. "Taskforce '87 has switched boats in the past. Before the defense trials began last October, the syndicate substituted Kookaburra I for Kookaburra III in practice racing against another of its boats and over denied news reports that it was Kookaburra III. Conner has taken every opportunity to learn about Kookaburra III, a boat he has never raced against, and Murray has shown a similar interest in watching Conner. This week, neither has seemed overly confident, because the key to the games the two will play on the water is in the weather. Tom Whidden, Conner's tactician, said 20 knots of wind would best suit Stars & Stripes. Mike Fletcher, sailing coach for Kookaburra, would like 12 knots, but has said that his crew can live with anything up to 18 knots. At that point, the Kookaburra team would be concerned about the speed potential of Stars & Stripes, which, during the last four months of trial racing, has proved to be a high performer in brisk winds. "We'll probably take it easy at the start on the first day," Fletcher said. "Our tactics in the series will depend on the results of that first half-mile (800 meters), the first five minutes of the race. We'll know then whether we're faster or slower than Stars & Stripes. As soon as we get that result, our tactician will be ready to say, 'This is what we do next.'"

Whidden has taken a broader view of that crucial first encounter. If the winds are blustery, he said, Stars & Stripes will follow the pattern set during the last four months. The strategy is referred to by Conner's team as the "Amy Vanderbilt start." It is a traditional timed start, perfected by Harold Vanderbilt during cup matches in the 1930s. Conner's crew renounced it to suit their particular style, which is to sail away from the starting line until the time is such that they can sail back up to the line and cross it the split second the starting gun goes off. The Kookaburra team, which uses Peter Gilmore as starting helmsman, tends to engage the other boat, circling in a traditional match-racing maneuver until Gilmore can get his boat on the opponent's stern. The position is favored because yacht racing rules prevent the lead boat from tacking or jibing in the way of the boat on its stern. Fletcher expects the initial encounter Saturday to affect strategy for the rest of the best-of-seven series. If Stars & Stripes takes an early lead, it can be expected that Conner will maintain the lead by keeping a loose cover to block Kookaburra III's wind as the Australians sail from behind. Stars & Stripes is generally considered to have an edge in the four upwind legs of the course: the first, third, sixth and eighth. The fourth and fifth legs form a triangle to the wind, and are referred to as reaches, where the wind passes across the beam of the boat. Speeds there are likely to be fairly even. Kookaburra's strengths are in sailing downwind, the second and seventh legs of the 24-mile (38.7-kilometer) course. Both teams have been working hard to develop the new balloon jib, a large, spinnaker-like sail that is favored for the reaches. For downwind speed, Conner may try his "Dolly" sail, a parachute-like spinnaker that Stars & Stripes acquired from the New York Yacht Club's unsuccessful America II. As was New Zealand, Kookaburra III is expected to be quicker in tacking than Stars & Stripes. Knowing that, Whidden said, Stars & Stripes would try to capitalize on straight-line boat speed. If the winds are light, anything under 16 knots, Stars & Stripes may have to work harder at tactics to outwit the Australians. "I hope we don't start our first race in 14 knots of wind," said Whidden. "If we do, we will have to be more aggressive." "We know we're in the ball park," said Fletcher of his boat's comparative speed with Stars & Stripes. "But anyone who says they know which boat is faster is fooling himself," he added. "You just have no way of knowing at this point who is going to be faster."

Yup, That'll Be a Cuppie

It Has a Hangover, but Is Unsalted

By Stewart Slavin  
United Press International  
FREMANTLE, Australia — First there were Yuppies. Now there are Cuppies. They are easily spotted on the streets of Fremantle, wearing expensive French sunglasses which dangle from their tanned necks on black corded chains. Their feet are adorned with trendy deckshoes, jangling in color from tan to raspberry. They have never felt the splash of Indian Ocean water. They swap syndicate T-shirts — French Kiss and the Gucci-designed wear of Italia are favored — and wear slick plastic visors to further shield the sun. Some Cuppies bear a resemblance to circus clowns with garish, pastel-colored zinc creams of pink, green, yellow and blue smeared on lips and noses, ostensibly to ward off sunburn. Around town, Cuppies ride mopeds and bicycles. Few Cuppies are willing to admit their new social status. In fact, when the national Australian Broadcasting Corp. did a television report on Cuppies, two young women threatened a lawsuit because they were pictured in the company of Cuppies, the hulking football-player-typic crewmen who turn the wrenches on America's Cup yachts. "Like most sports, you can't tell the players without a program and Cuppies are no exception. Rob McInnes, manager of local radio station 6KY, provided some help in an editorial. Cuppies are between 18 and 30 years of age and would never be seen dead without their Bolle sunglasses dangling around their perfectly sun-browned necks on a crummy piece of black string," McInnes said. "Cuppies buy Timberland or Gery deckshoes. In cases of less affluence, they may make a surreptitious foray into sportslike likelets and Betts [a shoe store], and say a pair of the imitation deckies. Incidentally, Cuppies ever have those tell-tale salt stains on their decks. The white rime that sweats from a yachtie's deckshoe only comes from the constant splash of sea water. "Obviously Cuppies never get their boat shoes near salt water." In their spare time, the "in" Cuppies drink at Fremantle's Norfolk Hotel, while "Cuppies-ising" quench their thirst at the Sail and Anchor, according to Broadfield. "The Cuppies go to the Norfolk to hang out with the crews, but they come here to get smashed," said a bartender at the Sail and Anchor, who would only give his name as Mark. The bar features 11 high-octane "boutique" beers especially brewed for the pub. "Cuppies come in here and have three pints of Dog Bolter beer for \$8. They leave with only half a brain — that's enjoyment," Mark said. "American Cuppies are much nicer and quieter than the Australians and not brash and loud like you read about." For those who want a souvenir, silversmith Conrad Chambers sells hand-beaten silver replicas of the 135-year-old mug for \$600. His shop also features foot-long (30.5 centimeter) silver replicas of cup defender Kookaburra III, detailed to its winged-keel, for \$1,600. "It's been a lot of fun," said Cuppie Julie Paulish, 26, of Washington, D.C., who borrowed \$1,500 for a two and one-half week visit. "It's been a whizzing pace with parties nearly every night until 2 A.M. I've never been hung over, but there's always cobwebs to clear away." Even the 3,000-member America's Cup press corps has not escaped being lured to "Cuppidom." Cuppie media representatives are a breed apart," Broadfield said. "They never sleep without their accreditation passes hanging around their necks, sometimes creating a confusing tangle with the Bolles. "Some are said to sleep with their accreditation, and a crinkled and stained accreditation card around the neck means they've probably taken their daily shower with it on."



Villagers of the Valais area, distinctive by their traditional dress and pipes, watched countrywoman Erika Hess triumph.

Hess Wins Gold Medal In Combined Skiing; McKinney Gets Bronze

By Pietro Valsecchi  
The Associated Press  
CRANS-MONTANA, Switzerland — Erika Hess won her third consecutive gold medal Friday in the women's combined event at the Alpine Ski World Championships, as the Swiss star made a quick but careful run in the downhill portion of the competition. Sylvia Eder of Austria posted the second-fastest time in the downhill and won her second straight silver medal, while Tamara McKinney of the United States again took the bronze after having won Thursday's slalom portion of the competition. Hess, who finished third in the slalom, rocketed out of the chute and was almost two-tenths of a second ahead of pacesetter Michela Figini's times on the upper part of the 2,032-meter (2,208-yard) Mont Lachat course. But Hess, who has improved dramatically as a downhiller this season, knew that not only was she faster than McKinney, who has raced in just one World Cup downhill this season, but that the combined scoring formula gave added weight to downhill results. So Hess let up and undid down she was a quarter-second behind teammate Figini's pace. Hess finished in 1 minute, 25.14 seconds, good for third in the race and No. 1 in the combined standings. McKinney was timed in 1:26.35, 12th fastest, which left her with 24.41 points under the formula, compared with Hess's 15.32 and Eder's 18.66. Vreni Schneider of Switzerland, second in the slalom, finished fourth at 36.49. The low score wins the gold. Eder, fifth after the slalom, had the second-fastest downhill time, 1:24.81. Figini was first, at 1:24.60. "I was confident but I did not feel victory was in my pocket until McKinney came down," said Hess. The men's downhill was to be held Saturday, and their combined competition completed with the downhill portion Sunday. Those two races should have one of skiing's superstars, Marco Girardelli of Luxembourg, in the lineup. Girardelli dislocated his left shoulder for the third time this season in training runs Thursday. He was back on the mountain for practice Friday, and said "the shoulder's O.K. I hope it holds on jumps." But Richard Steadman, the chief orthopedic surgeon for the U.S. Ski Team, who worked on Girardelli's shoulder Thursday, said surgery would be necessary, probably after the season. However, Steadman added, if the shoulder is reinjured, Girardelli might decide to end his season early and undergo surgery immediately at the doctor's clinic in Lake Tahoe, Nevada.



Erika Hess

Event Unloved By Most Skiers

United Press International  
CRANS-MONTANA, Switzerland — The combined competition, a hybrid event invented for the World Cup, has few admirers at the Alpine Ski World Championships. But television networks looking to stretch programming, sponsors seeking extra advertising opportunities and skiers faring well in the specialty do have a fondness for it. The combined is a mix of slalom and a downhill that has been described as a television race, run on courses that are always easier than those for standard downhill or slalom races. It made its world championship debut in 1982 at Schladming, Austria, and is scheduled for next year's Olympics in Calgary, Alberta, Canada — partly because of television pressure for more races. "I don't like it much," said Heinz Kroc of West Germany, who overtook the women's World Cup circuit. "The men hate it. The women have a little fun, but for most it's just a little practice." "Only five or six skiers are really trying for the medals," said Alan Stewart, a British ski team official. "Downhillers ski the slalom just to finish and to stay in the running. The same works in reverse." That was demonstrated Thursday when Lisa Savjarij of Canada missed the second gate on the first slalom run, lost a ski and spent 50 seconds putting it back on with help from a gatekeeper. Then she skied down slowly, simply to make sure of recording a finishing time. No matter that her two-run total of 2 minutes, 26.07 seconds was almost twice that of the winner, Tamara McKinney. Savjarij stayed in contention to compete Friday in her true race, the downhill. In that race she finished eighth, for 30th place overall.

SCOREBOARD

Table with columns for Basketball (NBA Standings, U.S. College Results), Hockey (NHL Standings), and Transition (Baseball).

Top Indy Rookie Sought by Police

The Associated Press  
BENTON, Illinois — A arrest warrant has been issued for race car driver Randy Lurie, the 1986 Indianapolis 500 rookie of the year, after his indictment with nine others on drug charges. The six-count federal grand jury indictment alleges that Lurie, 32, engaged "in an enterprise to distribute" more than 1,000 pounds (453 kilograms) of marijuana over a six-year period. Assistant U.S. Attorney Michael Carr said Thursday the drug smuggling took place in southern Illinois, Kentucky, Florida, California, West Virginia, Louisiana and elsewhere.

Red Sox Sign Boggs for \$5 Million; 11 Other Players Quit Arbitration

New York Times Service  
NEW YORK — Wade Boggs, the Boston Red Sox's three-time batting champion, and 11 other major league baseball players settled their salary arbitration cases Thursday. A source familiar with the negotiations between Boggs and the Red Sox said they had agreed on a three-year contract for salaries just under \$5 million and award bonuses that could add significantly to his earnings each year. The contract is the second biggest ever given a Red Sox player, the biggest being Jim Rice's four-year, \$9 million package. Boggs, 28, a third baseman going into his sixth season with a .352 career average, lost in arbitration last year but gained an arbitration-record \$1.35 million salary nevertheless. Two years ago, an arbitrator awarded him \$1 million. This year, after winning his third batting title with a .357 mark, he submitted a figure of \$1.85 million and the Red Sox went in at \$1.6 million. The average annual salary of the three-year package would be closer to the team's figure than to his. Of the 11 other players who reached agreement, Bud Black of Kansas City received the biggest salary, \$600,000, which was a \$45,000 cut from last season. Black, who had a 5-10 record with nine saves, had sought the same salary as last year, while the Royals offered \$550,000. Other players who agreed to new contracts were Craig Lefferts of San Diego (\$500,000), Terry Harper of Detroit (\$425,000), Cecil Guante (\$405,000) and Charlie Hudson (\$305,000) of the New York Yankees. Keith Atherton of Minnesota (\$300,000), Bob Keeney (\$300,000) and Mike Morjan (\$170,000) of Seattle, John Shelby (\$300,000) and Brad Havens (\$165,000) of Baltimore and Chris Codrilli of Oakland (\$295,000). The original arbitration list of 109 players has shrunk to 65. The first cases are to be argued Monday.

Caldwell Leads Former Crosby By 1 Shot After First Round

The Associated Press  
PEBBLE BEACH, California — Rex Caldwell, who got to play in the golf tournament only because he received a sponsor's exemption, shot a no-bogey, five-under-par 67 Thursday for a one-shot lead after the first round of the Pebble Beach National Pro-Am. Former British Open champion Sandy Lyle of Scotland, Larry Wadkins, Tom Byrum and John Adams shot 68. Wadkins and Lyle played at Spyglass Hill, probably the most difficult of the three courses on the Monterey Peninsula, while Adams and Byrum played at Pebble Beach in the chilly breeze. Tom Watson, twice a winner of this old tournament, formerly known as "The Crosby," shot 69 at Cypress Point as he attempted to end a two-year non-winning streak. The group of three under-par included Payne Stewart, John Mahaffey, Dan Pohl, Will Sander, Roger Maltbie, Bill Wood, Isaac Aoki of Japan, Ken Green and Richard Zokol of Canada. Stewart had shared the lead until he hit his approach into an unplayable lie and made double bogey. PGA champion Bob Tway, who started his round with a 7, British Open champion Greg Norman of Australia, Jack Nicklaus and Lee Trevino each shot par 72. Defending champion Fuzzy Zoeller was at 73.

Skiing

Table with columns for World Championships (Alpine, Slalom, Giant Slalom, Downhill) and America's Cup (Men's, Women's).

America's Cup

Table with columns for Men's and Women's participants in the America's Cup.

INTERNATIONAL CLASSIFIED (Continued From Back Page) - ESCORTS & GUIDES - LA VENTURA - ARISTOCATS - CAPRICE-NY - LONDON KENSINGTON - LONDON BELGRAVIA - ESCORTS & GUIDES - GENEVA ESCORT SERVICE - AMSTERDAM - GENEVA + GINGER'S - MADRID - ZURICH - ZURICH + BLUE RIVER - ZURICH - NATHALE - ZURICH 558720 - ZURICH + JACQUELINE

PEOPLE

A Question of Class

A federal judge has thrown out a countersuit filed by a man found to have harassed a coach passenger trying to use the first-class bathroom...

A Chilean opposition journalist simultaneously learned he had won an international journalism prize and been sentenced to three years' night-time police custody...

The Duke and Duchess of York, who have been hunting for a home since their wedding last July...

Welcome to a Vienna Memoir

By Elizabeth Ayre International Herald Tribune

PARIS — In Alsace in 1944, even though he was in an American soldier's uniform, Georg Stefan Troller was arrested by U.S. military police...



Georg Stefan Troller; a scene from "Santa Fe," the second part of his film trilogy.

He and his family were sent to internment camps in Boulogne-sur-Mer. When German forces invaded France in May 1940...

When Troller joined the U.S. Army in 1943, he was demoted by a fellow recruit as Hitler's friend...

His idealism soon soured: Compromise, opportunism and the black market flourished among the shambles of occupied Vienna...

There were only three reviews, two of which were about six lines long, Troller said...

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